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NEWS SUMMARY

GENERAL

Geneva ... al at ... ucial ... age

...ht talks were continuing ...va last night in a bid ... an agreed interpreta... a formula setting out a ... Rhodesian independ... ich would be acceptable ... ationalist delegations.

...ruggle of nerves between ... and the Rhodesian Front composed of the ...ns led by Mr. Joshua ... and Mr. Robert Mugabe ... with the African ...e States" acting as ...hour go-betweens.

...or Richard, the con... chairman, still plans to ... with the plenary meet... y and hopes that his ... statement will not be ...d by the Nationalists. ...e

...r's church ...ts blacks

...elect Jimmy Carter's ... Church at Plains, ... voted to open its doors ... ending a racial contro... erupted just before his ... victory. Mr. Carter has ... posed a 1965 resolution ... negroes and other civil ... agitators" from the ... Virginia, his opponent ... Democratic nomination, ...ative Morris Udall, ...h arms in falling from

...um blast

... planted an explosive ...hich badly damaged ... extracting installations ... French Atomic Energy ...n near Limoges. In ...many, at least 50 people ...red when police used ... beat back demon... who tried to storm a ... power plant 30 miles ...burg.

...ists gain

...lts declared in six of ...ench by-elections last ... Gaullist candidates had ...ly outperformed their ... partners, while the ... scored at the expense ... mmunists. Back Page

... for Spain

... Workers' leader Mr. ...s will see battlefields ... fought nearly 40 years ... civil war during his ... visit to Spain, which ...lay. He is a member of ...egation, which includes ... Murray.

... strangled

... scout Paul Kingsley, ... body was found in a ... Yeadon Airport, may ...n his killer, detectives ...l, who was strangled, ...ng on Thursday night.

... porn row

... to hold a £1,000 ... normally left as a ... against unpaid ... after allegations that ... pornographic sequences ... inserted into the ...nedy film, Come Play ... without the knowledge ... andl and Alfie Bass.

...ge to dead

...n, accompanied by ...ilip, Prince Charles ...28 yesterday, and the ... Kent, laid wreaths at ... Remembrance Sun... at the Cenotaph.

... backed

... Powell has been given ... confidence by his South ... stituency association ... "Back the Labour ... tement last week.

• • •

... who was unseeded, ... No. 3. seed Manuel ... Spain 4—6, 7—5, 7—6 ... Stockholm Open title. ...ge 2

...aziland and Miss ... have been withdrawn ...day's Miss World con... protest at South Africa's ...n.

BUSINESS

Oil price decision may be put off

● OIL price rise proposals will be discussed at a meeting of OPEC economic experts, starting in Vienna to-day. But there is some doubt as to whether a higher-level conference of OPEC ministers, due to receive the experts' recommendations, will go ahead as planned next month.

Some oil-producing countries would like to see the ministerial conference postponed to await the outcome of the Paris dialogue between the industrialised world, developing nations and oil exporters. Back Page

● SLOWDOWN in U.K.'s economic recovery is likely to be reflected in official figures for retail sales, due to-day, and gross domestic product, to be released on Wednesday. Page 6

● MINI-BUDGET is likely to take close to £2bn. out of the economy and substantially cut the public sector borrowing requirement, according to the latest forecasts published by the Henley Centre for Forecasting. Page 6

● CBI and a consortium of industrial and commercial organisations is providing financial support for a centre for economic forecasting at the London Business School. Page 6

● IRELAND faces free-for-all wage bargaining after union leaders said there was no prospect of a national wage agreement for next year.

Bid to settle Ford disputes

● SHOP STEWARDS at Ford's Halewood plant to-day will hold talks with strikers whose action led to the loss of 2,000 Escorts last week. The company hopes that the latest disputes will be resolved and normal production resumed. Back Page.

● LEYLAND'S plans for big investment in new foundries are still uncertain. Broad proposals have been submitted to the National Enterprise Board, but discussions will continue with the foundry industry before detailed plans are put forward. Page 6

● SOME UNIONISTS this week may continue to "black" work connected with the £176m. Tyneside Metro rapid transit system, in spite of intervention by the TUC. Page 12

● NATIONAL ECONOMIC Development Office report on State-run industries, details of which appeared in the Financial Times last Tuesday, was a "devastating indictment of the practice and theory of nationalisation," said Mr. Michael Heseltine, Shadow Industry Secretary.

Bakers worried over costs

● BAKERS are expected to warn Mr. Roy Hattersley, Prices Secretary, this week that any move to make them absorb cost increases could seriously damage the industry. Page 8

● RETAILERS are likely to be urged at a meeting of the Retail Consortium this week to join with finance houses and mail order operators in opposition to an EEC draft directive on door-step selling. Page 6

● INDEPENDENT committee should be set up, on a permanent basis, to hear any complaints from customers after the merger of Tate and Lyle with Manbre and Garton, according to some trade buyers of sugar. Back Page

● SWEDISH businessmen from the Gothenburg chamber of commerce have agreed to visit the East Midlands in the New Year, after earlier calling off the trip—apparently because of doubts about the future of East Midlands companies and about prospects for increasing trade with the U.K.

● CONTRACT for a big extension to an electricity generating plant in Abu Dhabi has been awarded to an international consortium led by Deutsche Babcock of West Germany. Page 5

Detailed talks begin on IMF conditions for $3.9bn. credit

BY MICHAEL BLANDEN

Detailed discussions will be getting under way this week on the conditions required for the International Monetary Fund to grant the U.K's. request for a $3.9bn. standby credit.

The timetable for agreeing the credit could clear the way for the Cabinet to reach a decision on the expected economic package about the end of the month.

An announcement of the package could then be made either in the week beginning November 29 or the following week.

So far, it is understood, the IMF team headed by Mr. Alan Whittome has been spending its time examining the U.K. books.

Discussions have centred on the Treasury's forecasts for the U.K. economy, though the IMF men, it was learned last week, have also taken the unusual step of talking separately to the TUC and the CBI.

During this week, attention will be turned to the terms of the U.K.'s letter to the IMF and the commitments the Government is expected to be required to make on the growth of money supply, and domestic credit expansion and also the public sector borrowing requirement.

The subsequent timetable is not yet clear, since the IMF team has to report its findings back to Washington. Nor is it clear when the funds will actually be available to replace the borrowings on the $5.3bn. central bank standby credit arranged last June which are due to be repaid on December 9.

The timing will also be affected by the need for the Group of Ten, composed of the leading industrialised countries, in effect to give their support to the terms agreed with the IMF.

This is necessary because these countries will have to activate the General Arrangements to Borrow, to make available to the Fund the convertible currencies to meet U.K. drawings on the credit.

The Group of Ten is thought likely to meet in Paris for this Purpose in the second or possibly the first week of December.

The timing of the expected U.K. economic package, on which officials have been working in London, might be affected by domestic political considerations. But the British Cabinet should have a sufficiently clear idea of the IMF terms within a week or so to enable decisions to be taken on the detailed package.

This is thought likely to contain both measures to reduce Government spending and increases in indirect taxes, including value-added tax and Excise duties.

Benefits

One aspect of spending which has been receiving attention is the burden of rising short-term social security benefits such as unemployment pay.

Ideas on this subject include the possibility of imposing tax on the benefits. But if any specific moves in this area were decided on, they would be for the longer-term.

This issue has two angles. One is the possibility that rising benefits may prove a disincentive, to which Mr. Patrick Jenkin drew attention yesterday. Mr. Denis Healey, the Chancellor, indicated last week that he was aware of this problem.

The other is the spending impact of the benefits. They have been rising because of the general increase in demand for them as a result of the high levels of unemployment. They have also been increasing as a result of the commitment to link the level of benefits to the cost of living.

These two factors have been an element of increase in public spending which is outside the normal controls and which has been one of the main reasons for the upward revision of forecasts of next year's public sector borrowing requirement.

Various ways of acting on this problem are being examined with the aim both of reducing the spending burden and of improving incentives.

It would probably be difficult to do anything about the problem of the increase in the volume of payments as a result of higher unemployment, but moves might be considered to reduce the impact of the effective indexation of benefits.

Taxing them would be one approach, but most of the possible approaches would require legislation which the Government would probably be reluctant to undertake at present.

Ennals defends £1.4bn. increase in benefits

BY PHILIP RAWSTORNE

MR. DAVID ENNALS, Social Services Secretary, last night hit back at Conservative attacks on to-day's £1.4bn. increases in social security benefits.

He said: "The fact is that the increases are just enough to protect the old, the unemployed, the sick and war pensioners from the rise in prices in the year since benefits were last set. No more than that. But no less."

Mr. Patrick Jenkin, Tory social services spokesman, earlier had called for taxation of sickness and unemployment benefits.

After strong criticisms by other Conservative MPs of the new benefit rates for unemployment, Mr. Jenkin said that the social security system had become an open temptation not to work.

He claimed that a married man—with two young children would need to earn more than £75 a week if he were to have a higher spending power than if he were unemployed, receiving social security benefits and tax refunds.

"It will be an open temptation to abuse the system," Mr. Jenkin declared.

Mr. Ralph Howell, Tory MP for Norfolk North, said that many unemployed with rent and rate rebates and other allowances would get increases of £8 a week—double the pay code limit. "The unemployed will be the most inflationary section in the community," he said.

Mr. David Howell (Tory, Guildford) said the situation was one of fiscal insanity.

Mr. Ennals, in a statement last night, described the criticisms as ludicrous. The short answer to the critics was that they should try living on social security benefits.

Direct challenge

Conservatives had not called for cuts in pensions but had singled out the unemployed for their attack. "It is scandalous to suggest the large proportion of them are deliberately unemployed or enjoy being on the dole."

Any cut in unemployment benefit would be a direct challenge to the social contract and seriously damage the Government's relations with the trade unions on which economic recovery depended.

To-day's increases in short-term unemployment and sickness benefits average 16 per cent. The rate for a single man rises from £11.10 a week to £12.90; for a wife from £6.90 to £8; for the first child from £3.50 to 4.05; and for subsequent children, from £2 to £2.55.

Old age pensions also go up. The weekly rate to a couple is now £24.50 and for a single person £15.30.

The political controversy over the benefit increases was further stirred at the week-end by the Duke of Edinburgh who said that national recovery could take place only if innovators and men of enterprise and hard work could prosper.

In a foreword to the 120th anniversary issue of The Engineer magazine, Prince Philip said that the welfare state was a protection against failure and exploitation. "Innovation, risk and enterprise are incompatible with complete stability and security." Innovators must be allowed to gain and keep their rewards for success.

Labour MPs reacted angrily to the article. Mr. Willie Hamilton, MP for Fife, said: "Nobody has done better from Britain's welfare state than the Prince, his family and relatives. They are the gold-plated scroungers of the Royal Family."

Ministers give warning to Lords

BY OUR LOBBY STAFF

CABINET MINISTERS united yesterday in pledging that the House of Lords would be abolished at the first opportunity by a Labour Government if the peers again defied the Commons' majority to-morrow and deleted the ship-repairing companies from the Bill to nationalise the aircraft and shipbuilding industries.

Mr. Anthony Wedgwood Benn, the Energy Secretary, said at the week-end that he believed "the days of the House of Lords are quite genuinely numbered."

And senior Ministers on both wings of the party made it clear yesterday that they would support an abolition policy if the Lords rejected nationalisation of ship repair.

Decision time

Lord Carrington and the Tory peers, with Liberal and independent allies, are expected to insist to-morrow on amending the Government's legislation to leave out the 12 companies, despite the re-insertion of the provisions in the Commons last week by a one-vote majority.

Such a move would force the Government either to accept the truncated Bill or to invoke the Parliament Act to reintroduce the legislation next session, when the peers would be unable to amend it.

The Cabinet is not expected to decide which option it would choose until its meeting on Thursday.

But one senior Minister said yesterday: "Whatever happens, the nationalisation of the ship-repair companies will remain Government policy.

"And by engineering such a temporary setback Lord Carrington and the Tory peers will inevitably bring about the abolition of the Lords.

"Opinion throughout the Government and the party is that such a move by the Tory peers would certainly mean that a Labour Government would take the first opportunity to remove this undemocratic obstacle."

Government Ministers pointed out that they had carried every vote on the legislation in the Commons. If a one-vote defeat in the Commons, as on the Dock Work Regulation Bill, meant that the Government had to accept the consequences, then, they argued, the Opposition in the Commons and the Lords should accept a Government majority.

Mr. Albert Booth, the Employment Secretary, tabled a series of Government amendments at the week-end to the Dock Work Regulation Bill to bring other sections into line with the Lords amendment restricting the Bill's provisions to a half-mile radius of the ports instead of five miles.

Exceptions will be made only for areas outside the new limit, such as Aintree, near Liverpool, where the dock labour scheme is already in operation.

The Government's action, though it has promised to return to the issue in the future, should mean that the final stages of its legislative battle with the Lords this week are mainly confined to the nationalisation question.

Conservative peers have indicated that they will not continue their opposition to the major provisions of the other outstanding Bills, on comprehensive education, agricultural tied cottages and phasing-out of NHS pay beds.

Some amendment of the measures will have to be accepted by Ministers, however, if the Government is to meet its timetable and prorogue Parliament next Monday.

Scots issues

The Government's effective majority in the Commons will be doubled to two this week because of the Cambridge by-election.

But its problems for the coming session appeared more serious yesterday after the two breakaway Scottish Labour MPs indicated that their support for the Government would depend on the form of its devolution legislation.

The Scottish National Party also emphasised that its MPs were not committed to "propping up the Government" any more than to automatic support for the Conservatives.

Meeting over Atlantic ship row

By John Wyles, Shipping Correspondent

THE FIRST direct exchanges between the U.S. and six European Governments, including Britain, over American attempts to probe alleged malpractices by European shipping companies operating on the North Atlantic will take place this week within the Organisation for Economic Co-operation and Development.

At meetings in Paris of the OECD's consultative shipping group, the six European Governments will stress the serious view they take of an attempt by the U.S. Department of Justice to build an anti-trust case against the liner companies.

They will say that this move could sour more general relationships and represents an unacceptable attempt unilaterally to regulate international shipping.

Britain, France, West Germany, Holland, Belgium and Sweden have lodged individual protests in Washington about issuing in August of dozens of subpoenas to shipping lines and shipping conferences.

The Governments have taken action to prevent the shipping companies from supplying documents housed in the six countries demanded in the subpoenas. In Britain's case the Government issued directives more than a fortnight ago.

In London the growing squabble with the U.S. is thought likely to dominate British shipping policy for 12 months and some kind of European mission to Washington is contemplated.

One problem facing Governments and shipping companies is that they do not know specifically the range of possible offences under investigation by the Department of Justice. They have little idea why the investigation is being mounted at all.

Brezhnev for key visit to Belgrade

BY DAVID SATTER — MOSCOW, Nov. 14.

MR. BREZHNEV, the Soviet Party leader, is due to arrive in Belgrade to-morrow for three days of talks with President Tito of Yugoslavia in what is seen in Moscow as an attempt to redefine Soviet-Yugoslav relations after this summer's conference of European Communists in Berlin.

It will be Mr. Burezhnev's first visit to Yugoslavia since 1971, when a joint Soviet-Yugoslav declaration was signed. Yugoslavia, however, is now understood to feel that the declaration went too far in Russia's favour. It included the phrase "socialist internationalism" in referring to Soviet-Yugoslav relations, a phrase normally reserved for relations between members of the Warsaw Pact.

Bargaining

A good deal of hard bargaining is expected on the joint declaration, with the Yugoslavs seeking endorsement of their position as a fully independent State.

The Soviet Press has referred to "new horizons of friendship and co-operation" between the Soviet Union and Yugoslavia. The fact, however, that Mr. Brezhnev is making the trip so soon after the Berlin Conference suggests that the Soviets are aware of Yugoslavia's demands.

Mr. Brezhnev will go on to Romania, the other advocate of independent Communism in Eastern Europe. These talks are also expected to be about a re-statement of the principles of relations.

Romania is a Warsaw Pact member and therefore more closely tied to Moscow than is Yugoslavia. But she has refused to allow Warsaw Pact military exercises on her territory, and has taken the lead in opposing plans for a co-ordinated Warsaw Pact foreign policy.

Aleksander Lebl writes from Belgrade: The visit follows an invitation by President Tito during his 1973 visit to the Soviet Union. Since then the President and Mr. Brezhnev have met on two occasions, in Helsinki and East Berlin.

Mr. Brezhnev will make no speeches, in contrast to his last visit to Belgrade.

Both sides are understood to want to develop relations and co-operation in various fields, including the economy. It is not expected that Marshal Tito and Mr. Brezhnev will go into details.

They may sign a final document, like their 1971 joint statement, and experts are understood to be working already on a draft in case the two leaders decide to have such a document published.

● Reuter said yesterday: Mr. Brezhnev's visit comes at a time when the EEC is preparing to give a Soviet-led co-operation initiative the brush-off while seeking to forge closer ties with Yugoslavia.

Limited fields

Although not rejecting outright proposals from Comecon, the East European economic grouping, the Community is likely to turn down the central idea of EEC-Comecon links.

Instead, the Community is expected to suggest co-operation in the limited fields over which it considers Comecon to have authority, such as the environment, transport and the exchange of statistical information.

By contrast, the Community is keen to develop existing trade and industrial links with Yugoslavia in a gesture of political support for the country's independence.

Editorial comment, Page 18

Talks to-day on Post Office cuts

BY CHRISTOPHER LORENZ, ELECTRONICS CORRESPONDENT

THE ROW over the Post Office's plan to cut its orders for telephone exchange equipment by £220m. will be taken up at top Government level to-day, when Mr. Eric Varley, the Industry Secretary, has a joint meeting with the heads of the Corporation, its suppliers and the trade unions most concerned.

Mr. Varley, accompanied by three junior Ministers (two from his Department, one from the Employment Department) is expected to hear a barrage of complaints from the unions as well as the suppliers — GEC, Plessey and Standard Telephones and Cables.

The cuts would reduce orders for switching equipment by about 30 per cent. for each of the next three years, compared with the projections made for the same period last April.

Estimates of jobs which would have to be lost by the suppliers range from 10,000 over the next three years to 15,000 by as early as late 1978.

Apart from complaining about the way the cuts were announced a week ago, the companies are likely to press for some relief.

The unions would support such a move, but it would be resisted by the two Post Office representatives, Sir William Ryland, the chairman, and Sir Edward Fennessy, his deputy and managing director of telecommunications.

One proposal mooted at the week-end was to maintain most of the cutback, but to re-phase orders for different types of equipment. This would delay the build-up of orders for a new type of electronic exchange in favour of more contracts for traditional electro-mechanical equipment to preserve jobs.

Fault on the Post Office line Page 18

LOMBARD

There ain't gonna be no deflation

BY SAMUEL BRITTAN

OVERWORKED words go together with overtired minds. There are certain words which are used mainly to suppress rational thought. One word which could well do with a rest is "deflation" in the pejorative sense in which it is being used in the current economic debate.

Characteristically it is being used by one side only. Those who employ it are violently opposed to any action to reduce Government borrowing and are at heart also extremely hostile to any serious attempt to limit the money supply, although they may choose to underplay this aspect.

One typical statement from this camp would be: "Deflation now would be obscene. Aren't you satisfied with 1¼m. unemployed? Do we have to have a complete industrial shutdown before you monetarists are satisfied?" Or in more hard-boiled fashion it is said: "Deflation would destroy the Social Contract and the Industrial Strategy" (whatever these are) "not to speak of causing riots in the streets."

Depression

The whole argument rests on a systematic ambiguity in the word. Deflation originally meant a sustained decrease of the general price level. That is why it suggests the opposite of inflation. During old-fashioned depressions of the pre-World War Two type, periods of falling prices were also periods of falling output and employment. *Hence the second meaning to* describe a situation in which output is stagnating and unemployment and unused capacity increasing.

One thing that is extremely clear is that there is not going to be any deflation in the original sense of the word. If output and employment do stagnate, it will certainly not be because prices are falling. The only argument is about the rate at which they will increase.

All the same, it would be wrong to abandon the original meaning. We cannot be sure that the general price level will never again fall in the history of the world; even if we were, economic historians would still need to be able to describe the behaviour of prices in the early 1930s or the late 1870s.

A very neat solution to the terminology problem was suggested in 1974 by Professor Alan Walters in a glossary he wrote for the Ninth Expenditure Committee Report of 1974. He suggested that inflation should be used to describe a sustained increase of the general price level, and deflation for a sustained decrease. The word expansion could then be used for an increase in the growth of real output sufficient to raise employment and activity. "Contraction" would then describe the opposite state in which the growth rate fell and the margin of unemployment increased.

This terminology would provide unambiguous descriptions without pre-judging the question *of cause. If, for instance, the* OECD is right and there is to be a violent decline in the world growth rate in the second half of 1977, then contraction would be an appropriate word. It would be absurd to talk of deflation if world prices were rising by 8 per cent. and British prices by 15 per cent. An inflationary deflation or a deflationary inflation might have a place in a Treasury speech, but nowhere else.

When politicians or industrial statesmen inveigh against deflation, they do not mean falling prices; nor do they really mean depressed output and employment. What they are talking about are measures to reduce the flow of money spending (or monetary demand as some economists would say) in 1977 from a level 20 per cent. higher than in 1976 to one probably still higher by a double percentage figure, but not quite so high. Some deflation!

A theory

Of course the reason why they become so heated is that they believe that such control of monetary demand would in fact cause a slump. But what is maddening is a use of language which makes what is, at best, a theory about the cause of depressions into an incontrovertible assumption.

One adjective to use for a financial package designed to limit the growth of monetary demand might be "restrictive," although even that is making too many concessions when a money supply growth of 10 per cent. or more is being contemplated.

But would a restrictive package hold back output and employment; or would it give them a boost? We do not know, and indeed the question cannot be answered in general terms apart from its detailed contents (whether for instance the emphasis was on expenditure cuts or tax increases) and the political and economic context in which it was put forward. The most outrageous theorists are those who begin by declaiming against all theory.

THE WEEK IN THE COURTS

Need to speed up criminal trials

BY JUSTINIAN

SO HIGH has been the cost of bringing the perpetrators of the Bank of America robbery to justice, the estimated bill to the public will be about £500,000, apart from the loss of millions of pounds from the Bank which has had just £500,000 of money and possessions recovered — that some public benefit should be derived from the criminal process in addition to the removal from society for some time of the perpetrators. And there are undoubtedly a number of lessons to be learnt.

The trial lasted 91 days — not an inordinate time by modern standards — but longer than was estimated at the outset and longer than needed. Judge King-Hamilton, QC, referred to the length and complained that "there have been far too many interruptions and unseemly and numerous disputes between counsel equal to childish petulance."

This echoes the words of the Court of Appeal which recently warned that counsel is going beyond the bounds of garrulousness and making trials last too long by indulging in dubiously professional tactics.

When the stakes are high for clients—who face imprisonment for two or more decades — there is inevitably a tenaciousness about their advocates seeking to capitalise on every minutiae of the evidence.

Alibi

It would be wrong, therefore, to lay too much blame on defence lawyers, because they are only exploiting the game as it is traditionally played. It is the rules of the game that need changing.

Unlike civil proceedings, there are no written pleas by the parties before a criminal trial setting out respective cases. The only disclosure the defence makes is notice of an alibi they wish to establish.

The time has come for radical thinking about how to streamline the criminal trial, by trying to define the issues well in advance of the date of trial, thus reducing the cost of proving matters that are not in dispute.

This is a compelling piece of law reform, but it must be acknowledged that the two largest contributors to the cost of a modern trial are the photocopying machine and legal aid; there is no discernible remedy for the consequences of these modern aids to a civilised system of criminal justice, save a constant watch by the legal profession against abuse of either facility.

If the accusing finger is pointed at defence counsel by judges, the accusation is often reciprocated. Judge King-Hamilton said that he had been provoked beyond endurance, and that he had been accused of scoring points against the defence. Clearly, this pained comment disclosed a breakdown in the desirable rapport that should exist between Bench and Bar.

A constant warring between counsel and the judge can be to the detriment of the whole process, not least to the jury which must sit patiently and in silence listening to protracted wrangling that adds to the length of the proceedings. There is room for official study into how the conduct of criminal trials might be improved.

The reader of newspaper reports of the trial may begin to wonder whether the acquittals of three of the accused might not have been achieved earlier in the trial, without the protracted jeopardy to that accused (particularly if he was not on bail before and during the trial) and with a substantial reduction in costs.

Do judges exercise their powers of stopping a case sufficiently often against a defendant at the end of the prosecution's evidence? There are grounds for thinking that too many defendants are thrown into the dock by the Crown, and that courts are insufficiently alive to the hardship that this practice causes.

There is sometimes too ready an assumption that the defendant is in the dock because he is guilty, bar the verdict of a sensible jury. If judges are circumspect at throwing a case out *at half-time, then perhaps* juries should be told early that they have the right to stop a prosecution from continuing.

The jury in the Bank of America case seems to have been remarkably discriminating in deciding who they would convict and for what; and the verdicts clearly did not reflect the judge's personal view as indicated in his summing-up. This is a testimony to the continuing value of the jury system.

There is little doubt that the robbery was the product of a sophisticated criminal organisation that traditionally was thought to be the hallmark of American society. Criminologists have concentrated their energies on studying damaging traits in the personalities of individual criminals. Very little attention has been paid to organisational arrangements of criminals who commit crime in concert. And the criminal trial does nothing to uncover the nature of professional crime.

One of our leading criminologists, the late Dr. Hermann Mannheim, wrote on the trial of the Great Train Robbers: "The presiding judge had to admit at the end that the scanty nature of the evidence in this direction made it impossible for him to determine exactly what part had been played by each of the 11 convicted of the actual robbery.

"In view of this confession of, at least, partial failure on the part of the presiding judge to penetrate beneath the surface—a failure for which, of course, under the accusatorial system of an English criminal trial he was in no way to blame—it is hardly *possible for the outsider to gain* a picture of the real inside story of the plot and its execution."

Penalty

If the criminal trial is to be a costly exercise, the public might at least wish to gain from the process some insight into the origins of the crime for future prevention. Thus, sentencing the convicted becomes more difficult than it should be. In cases of exceptionally lucrative crimes there is a natural feeling that the offender should be prevented from enjoying the fruits of his crime for a considerable period.

But what of the offender who takes part in a major crime, but has little to show for his involvement by the time he is convicted? Should he suffer the same *penalty as his partner who has a* large haul salted away in a foreign bank? And are there adequate means available to the courts to recover the ill-gotten gains?

For four years the criminal courts have experimented with the power to make a criminal bankruptcy order against an offender whose crime involves more than £15,000. It would be helpful if the authorities indicated whether this new power has assisted the bankruptcy officials in getting their hands on the proceeds of crime.

These questions need answering for reasons of economy and general utility at a time of acute crisis within a grossly overcrowded prison system.

Dockland plan published

THE LONDON Docklands Strategic Plan, agreed by the Docklands Joint Committee in July 1976, has been published and can be seen at town halls, information centres and public libraries in the area and also at the County Hall.

The plan—price £1.50 plus 26p postage—can be obtained from the Docklands Development Team, 164-168, Westminster Bridge Road, London, SE1 7RW.

RUGBY — BY PETER ROBBINS

Leicester drub Cambridge

LEICESTER GAVE Cambridge University a fierce 33-6 drubbing with a compelling brand of rugby that a full University side would have been hard-pushed to resist.

Leicester are the best club side I have seen this season and they had a head start with the weight and experience of their pack. The forwards, however, held their tempo throughout a fast-moving game.

Leicester scored 15 points in the first half with tries from Kenney and Duggan, and two conversions and a penalty from Hare.

The full-back scored 14 more points in a thrilling second half made up of a penalty, a huge drop goal and the conversion of his own try and Barker's try. Lewis scored a good second half try for Cambridge which Hignell converted.

Leicester lost Wheeler and Cambridge Horner, both in the first half, and Lewis Horner's replacement gave stability to the Cambridge attack with some excellent kicking. Horton was also able to show his true worth in the centre. Lewis, with all his talented attack, was very shy in defence.

In the centre, Grant made several thrusts but too obviously and it was Hignell whose appearances mid-field lent point to the attack. His battle with Hare was of interest to all and he had much more to do.

Both brought off significant tackles but Hignell showed the keener positional sense which balanced out Hare's colossal personal points tally.

Cambridge's real anxieties are in their back row defence close to the mauls and rucks. Stewart covered splendidly in the wider defence but the Leicester scrum-half, Kenney, repeatedly found inviting gaps.

Very slow

Cambridge's line-out efficiency was only sporadic though Nixon improved as the game went on, well supported by Boulding.

The Cambridge pack was very slow in supporting Davies, the scrum-half, and Wood had minimal chances on the left wing. On the right wing O'Callaghan, curiously, was out of touch with the game.

Rowell's prolonged energy is marvellous and his line-out work with Cowling and Adey made life easy for young Kenney. The triple link of forward effort, then Kenney, then Hare were so strong that Leicester were always able to ease any Cambridge pressure.

The two impressive aspects of Leicester's forward play was their hand-to-hand slipping of the ball at full speed ahead. Second, the positive and very constructive rôle of Kempin, Adey and Forfar.

Kempin outshone the other two with his unselfish setting up of the ball for others. These three were always behind the emergent Kenney, and Hall in the centre showed almost greed for work with Dodge.

Dodge improves every week and two passes under pressure from Hignell were given very calmly. He is perhaps not ready for the big time, but it is only a question of perhaps another season.

Duggan and Barker on the wings completed a more than competent three-quarter-line and their ability as finishers was equalled by the soundness of their defence.

It was indeed a pleasure to be at such a game, and with Oxford winning against Blackheath all is not lost on December 7 for Oxford supporters.

France and Wales juniors disappoint

BY STUART ALEXANDER

IF THE selectors were looking for signs of strength in depth or the supporters' indications of how the full international will go in February, then both will have been disappointed by the junior clash between Wales B and France B at Pontypool.

The home side won easily by 24 points (one goal, three tries and two penalties) to 6 (one goal). Had Phillips' kicking been better, the margin would have been even more humiliating. So far, neither side has managed an away victory in the eight fixtures at this level between the two countries.

As it was, Wales at times made heavy weather of beating the lack-lustre French, who seemed to be either unfit or short of team spirit—or both.

Neither side showed the cohesion of their senior squad brethren, but the Welsh played more for each other and with greater purpose. But if any of the senior team members were looking anxiously over their shoulders, they will have seen little to disquiet them in this performance.

For the Welsh, Howcroft, at lock, was perhaps their best forward but big and strong as he is, he still looked a little vulnerable.

Behind the pack, scrum-half Brynmor Williams confirmed his growing maturity, though the *style of his play is often* glaringly modelled on his national and club colleague Gareth Edwards.

The French No 8 Decrae caught the eye with the occasional rampaging run and splendid cover tackling which, in a red and white hooped shirt, could have been Andy Ripley all over again; and the prop Dubroca had a good game.

The French were consistently slower to the breakdown, were outshoved in the tight, and were unable to handle the Welsh line-out peel but their try in the last minute of full-time by flanker Ayral was a fine example of a quick break from a short penalty and was well deserved.

All the Welsh tries were well taken, though Wales needed 25 minutes to notch up their first three points with a penalty.

There is a large gap between B internationals and the real thing, and a passer-by might well have thought it an average club game. At the Parc des Princes, Wales are unlikely to have such an easy time.

SOCCER — BY TREVOR BAILEY

New boost for Jago's hopes

TWO YEARS ago, Millwall was struggling in the lower regions of the Third Division with dwindling gates, a substantial overdraft, and a future which looked even bleaker than the rows of derelict, empty houses the visitor encounters as he walks from New Cross Station *to The Den.*

It was then that Gordon Jago was persuaded to undertake the hardest assignment of his very successful career as a football manager.

Many, myself included, thought that Gordon, with his passion for quality football, was mad to go to an unfashionable Third Division club, more noted for the physical side of the game than for subtlety, when there were many other opportunities open to him.

However, with the whole-hearted support of his directors and in a very short period, he has transformed the situation.

What makes his effort even more remarkable is that he inherited only two members, Kitchener and Donaldson, of the team that beat Luton 4—2 on Saturday, and he has built, from scratch, with the other nine players, costing next to nothing; yet they displayed both skill and considerable character.

Two goals in the opening minutes, both of which might *have been saved, set the scene* for a match which contained plenty of entertainment.

Millwall took the lead midway through the first half, when the determined Hazell gained possession, surged upfield and passed to Lee, who slipped the left back and crossed for the lively Brisley to score.

Setback

After the interval, Luton equalised from the penalty spot when Puccillo was brought down, following a delightful five-man move which opened up the defence.

The Lions replied to this setback with a period of sustained pressure, which owed much to the drive of the promising Walker in midfield and the *frequent sorties of their fullback,* Evans, down the right flank.

The former missed a comparatively easy header and then was unlucky with a fiercely-struck free kick which hit the underneath of the crossbar, but justice was eventually done when he *forced the ball into the net after* a goalmouth melee.

In the closing seconds, Seasman demonstrated the art of finishing with a splendid left-foot shot on the turn to send the fans home well satisfied, although, to be honest, the final score-line was a shade flattering.

Millwall, at present, almost certainly lack the class, maturity and reserve power, which is reflected in their indifferent away record, needed to gain promotion this season.

It will probably take another year or two in the Second Division before they are ready to join the elite for the first time in the club's history, but there is a pleasing air of optimism at the Den.

TENNIS — BY JOHN BARRETT

Wightman Cup for Americans

FOR THE 39th time in 48 meetings the U.S. have won the annual women's team competition for the Wightman Cup.

Thus after two years in Britain this famous sporting trophy, presented by Mrs. Hazel Hotchkiss Wightman in 1920 and first played for three years later, goes back across the Atlantic.

With it goes the first prize of £11,350 under the new sponsorship of Tate and Lyle and the British girls share £5,650.

On a day of drama and excitement on Saturday the U.S. No. 1 Chris Evert scored the winning point by beating Devonshire's Sue Barker.

But not before the British No. 2 had thrilled the 2,200 spectators at the Crystal Palace, and millions more on TV, by playing a faultless first set and holding the world champion at bay until the middle of the deciding set.

It took Miss Evert 80 minutes to record her 3—6, 6—2, 6—2 victory and she was forced to raise the tempo of her hitting and cut out some uncharacteristic errors after being assailed by as good an exhibition of power hitting as I can ever remember seeing from a woman.

Not only was the Barker forehand hitting its familiar winners but the backhand too was contributing its fair share—a measure of the improvement the 20-year-old Paignton girl has made this year.

In the latter part of the match Miss Barker's mobility was slightly affected by a nagging injury to ligaments behind her right knee. But by then Miss Evert had found the range with her deadly double-handed backhand which peppered the Barker backhand that by now had revealed its usual vulnerability.

Earlier, Miss Virginia Wade, now 31, had played a captain's part in surviving perilously against the 5 feet 2 inches San Franciscan Rosemary Casals three years her junior.

Miss Casals who had won the first set 6—3 and had then held two cup winning points when leading 5—3 and 5—4 in the second set was forced to retire at set-all.

Chasing a wide ball in the tenth game she twisted *suddenly* and aggravated a calf injury in her left leg. Although she limped into the lead twice more at 6—5 and 7—6 with some superlatively skilful tennis, she could not prevent Miss Wade from winning 9—7 and wisely decided to retire.

The Americans won the final rubber of the tie when Mona Guerrant and Ann Kiyomura beat Lesley Charles and Sue Mappin 6—2, 8—6.

The draw for this week's £77,000 Benson and Hedges championships has produced a freak pairing by *throwing* together the joint top-ranked Britons Mark Cox and Buster Mottram in the first round.

Cox, unranked, yesterday defeated No. 3 seed Manuel Orantes (Spain) 4—6, 7—5, 7—6 to win the Stockholm Open. He won the tie-break 7—3, after rallying from 3—5 down in the second and third sets.

RACING — BY DOMINIC WIGAN

Casbah appeals for the Fox

FIVE high-class chasers, Broncho II, Royal Relief, Money Market, Even Dawn and Casbah are among the runners for today's Leicestershire Silver Fox and this 2½-mile event on the Midlands track could be worth going a long way to watch.

I tip Lord Leverhulme's grey gelding, *Casbah*. A winner here and at Catterick about a year ago, Casbah showed that he was coming back to form in chasing home Even Melody and Nice Palm on his seasonal debut in the Mickleton chase over two miles at Haydock early this month.

Always prominent on the Lancashire course, Casbah looked to have as good a chance as any until the final fence. However, lack of a previous race told against him on the long run-in to the finish.

The Haydock outing is sure to have brought the Wantage nine-year-old on a few pounds and he appeals as the pick of the weights, being in receipt of 6 lbs from Royal Relief and 2 lbs from the course specialist, Even Dawn.

At Carlisle, fields have cut up badly considering the ground conditions—the chase and hurdles courses are given respectively as "good" and "good to soft."

One man unlikely to complain about the turn-out is Gordon Richards for whom *Sea Count*, *L'Aiglon* and *Embargo* should all win. The last-named looks a safe bet for Division II of the Ambleside Novices Hurdle and *Coignafearn* is suggested with equal confidence for Division I.

Now that the jumping season is getting into full stride, interest in the jockeys' championship is quickly building up.

Tommy Stack, with a glut of winners from Arthur Stephenson's yard, heads Ladbroke's market at 11-10 and is followed by the reigning champion, John Francome (5-4) and Jonjo O'Neill (5-1). The Tote, too, seems confident that the championship is a two-horse race, betting 10-11 Stack and 13-8 Francome.

After his single achieved on dead-heater, Set Point, at Wetherby on Saturday, Tommy Stack moves up to the 30 mark, nine ahead of Francome, successful at Chepstow with Midnight Court and Graham Thorner, who won at Monmouthshire on newcomer, Regalian.

LEICESTER
1.00—Albury Lad
2.00—Casbah**
2.30—Border Patrol
3.00—Uncle Leslie

CARLISLE
12.45—Sea Count
1.15—L'Aiglon
1.45—Coignafearn***
2.15—Scorton Boy
2.45—Skiddaw View
3.15—Embargo*

TV/Radio

† Indicates programme in black and white.

BBC 1

9.38 a.m. For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Chigley. 2.01 For Schools, Colleges. 3.10 Anno Domini. 3.53 Regional News (except London). 3.55 Play School. 4.20 Deputy Dawg. 4.25 Jackanory. 4.40 Blue Peter. 5.05 John Craven's Newsround. 5.10 Go—USA. 5.35 Ivor the Engine.
5.40 News.
5.55 Nationwide.
7.00 Angels.
7.50 The Royal Variety Performance in the presence of HM the Queen Mother, part 1.
9.15 News.
9.40 The Royal Variety Performance, part 2.
11.00 To-night.
12.00 Regional News.

All regions as BBC 1 except at the following times:

Wales—1.45-2.00 p.m. Pili Pala. 5.35 Wales To-day. 6.20 Barney Bear. 6.30-7.00 Heddiw. 12.00 News and Weather for Wales.

Scotland—5.55-7.00 p.m. Reporting Scotland. 11.00 Public Account: Scottish politics. 11.35 News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-7.00 Scene Around Six. 12.00 News and weather for Northern Ireland.

England—5.55-7.00 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South West (from Plymouth).

BBC 2

11.00 a.m. Play School.
3.00 p.m. The Caterers.
3.30 Politics Now part 6: Northern Ireland: the options.
7.00 News on 2 Headlines with sub-titles for the hard-of-hearing.
7.05 Knitting Fashion.
7.30 Newsday.
8.00 Marian Anderson and Lazar Berman at the United Nations: Copland, Tchaikovsky.
9.00 I, Claudius.
9.55 Horizon.
10.45 One More Time!
11.15 Late News on 2.
11.30 Closedown: Robert Lister reads "Snow and Snow," by Ted Hughes.

LONDON

9.30 a.m. Schools Programmes. 12.00 Chorlton and the Wheelies. 12.10 p.m. Pipkins. 12.30 Musical Triangles. 1.00 News. 1.20 Lunchtime To-day. 1.30 The Cedar Tree. 2.00 Good Afternoon. 2.25 Monday Matinee: "Seven In Darkness." *3.50 Emmerdale Farm.* 4.20 Clapperboard. 4.45 Pauline's Quirkes. 5.15 Batman.
5.45 News.
6.00 To-day.
6.30 Opportunity Knocks!
7.10 Coronation Street.
7.40 "Mackenna's Gold," starring Gregory Peck, Omar Sharif, Telly Savalas and Edward G. Robinson.
10.00 News.
10.30 World In Action.
11.00 Musical Triangles: "Cello."
11.30 People and Politics.
12.30 a.m. Close: Tony Bridge meditates on the Old Masters.

All ITV regions as London except at the following times:

ANGLIA

10.37 a.m. Survival. 12.30 p.m. Out of Town. 1.25 Anglia News. 2.00 Houseparty. 2.25 Monday Matinee: "The Chadwick Family" starring Fred MacMurray. 4.20 The Romper Room. 5.15 Supersonic. 6.00 About Anglia. 11.00 Mystery Movie: Faraday and Co. 12.20 a.m. Reflection.

ATV MIDLANDS

12.30 p.m. The Amazing World of Kreskin. 1.20 ATV Newsdesk. 2.25 Mystery Movie Matinee: Faraday and Co. 5.15 Supersonic. 6.00 ATV Today. 11.00 Police Story. 11.55 Peter Anderson.

BORDER

12.30 p.m. Farmhouse Kitchen. 1.20 Border News. 2.00 Houseparty. 2.25 Monday Matinee: Bannacek. 5.15 Supersonic. 6.00 Border News and Lookaround. 11.00 The Best of Upstairs [illegible]. †12.00 Border News Summary.

CHANNEL

†1.20 p.m. Channel Lunchtime News and What's On Where. 2.25 Mystery Movie: Cool Million. 5.15 Supersonic. 6.00 Channel News. 10.28 Cartoon Time. 11.00 Here Comes The Future. [illegible] Channel Gazette followed by News and Weather in French.

GRAMPIAN

12.30 p.m. Galloping Gourmet. 1.20 Grampian News Headlines. 2.25 Boney. 3.20 Farmhouse Kitchen. 5.15 Supersonic. 6.00 Grampian Today. 6.15 [illegible]. 11.00 Police Story. 11.55 Evening Prayers.

GRANADA

12.30 p.m. The Galloping Gourmet. The Pied Piper. 12.25 Monday Matinee: "The Night of the Full Moon" starring Dermot Walsh. 3.35 The [illegible]. 5.15 Supersonic. 6.00 Granada Reports. 11.00 Shaft.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Help Yourself. 2.25 The Monday Matinee: "The Deadly Hunt," starring Tony Franciosa. 5.15 p.m. The Muppet Show. 6.00 Report West. 6.15 Report Wales. 11.00 Police Story.

HTV Cymru/Wales—1.20-1.25 p.m. Penawdau Newyddion y Dydd. 2.00-2.25 Hamdden. 6.00-6.15 Y Dydd. 10.30-11.15 Yr Wythnos. 11.15-12.10 Police Story. HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

12.30 p.m. Gambit. 1.25 Road and Weather Report. 2.00 Houseparty. 2.25 [illegible]. 3.25 Out of Town. 5.15 What's Your Problem? 6.00 Scotland Today. 6.30 Crimedesk. 11.00 Late Call. 11.05 Jennie: Lady Randolph Churchill.

SOUTHERN

12.30 p.m. Farmhouse Kitchen. 1.20 Southern News. 2.00 Houseparty. 2.25 Garnock Way. 4.00 Day by Day. [illegible]

[illegible]

ULSTER

[illegible]

WESTWARD

[illegible]

YORKSHIRE

[illegible]

RADIO 1 247m

(S) Stereophonic broadcast

[illegible]

RADIO 2 1,500m and VHF

[illegible]

RADIO 3 464m, Stereo & VHF

[illegible]

RADIO 4 434m, 330m, 285m and VHF

[illegible]

BBC Radio London 206m and 94.9 VHF

[illegible]

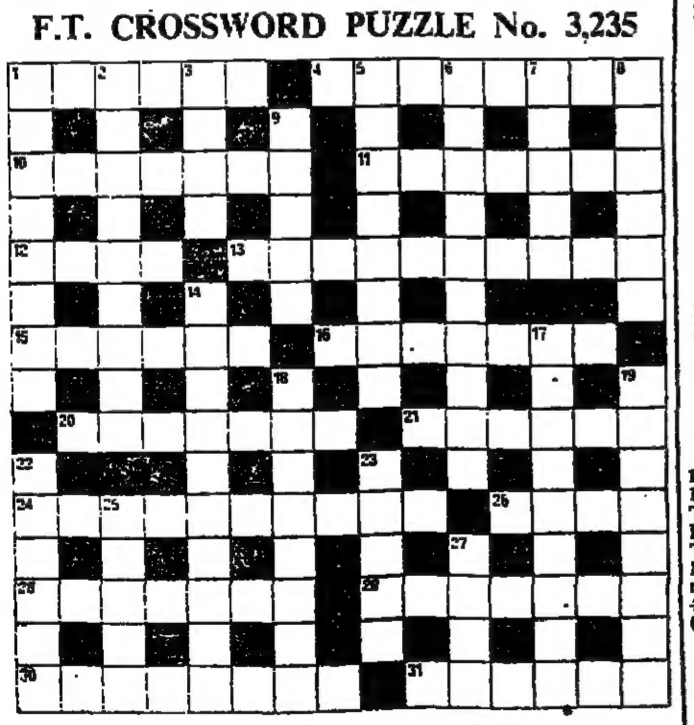
London Broadcasting 261m and 97.3 VHF

[illegible]

Capital Radio 194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 3,235



ACROSS

1 Invalid takes the French farmer's book (6)
4 Fish on lake in underwear (6)
10 Huge bird I can upset (7)
11 Working like a monk (2, 5)
12 Promise cereal to hothead (4)
13 Chance river has to burst out (5, 5)
15 Emperor for a king to raise differently (6)
16 Sportsmen chasing birds are said to be dirty players (7)
20 Gave up being loyal (7)
21 I take your point as the swordsman said (6)
24 Don't get involved with attitude taken by a team (5, 5)
26 It needs a pound to ventilate beastly den (4)
28 Unprofessional for a friend to go to ancient city (7)
29 Summary one quarter exact (7)
30 Threatening Frenchman at home to a politician (8)
31 The first person setting a fashion (6)

DOWN

1 Party orders prescribed reading (3, 5)
2 Delicate instructions to barber don't leave much margin (3, 3, 4)
3 Finally row (4)
5 To arm it I must disturb an ape (5)
6 Puckish robin (10)
7 Navigator's favourite screen detective (9)
8 Listener accepts your old-fashioned material (6)
9 It's inclined to catch southern fish (5)
14 Another football star is runner up (6, 4)
17 Apartheid motivating Olympic runners? (9)
18 First person to get a more positive ruler (8)
19 What a pity it's a lot of money my love (4, 4)
22 No cooler than crawling (6)
23 Export at forming a branch (5)
25 Violently joining a mum at home (5)
27 Emperor discovered in corner of room (4)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

lington opera

The Last of the Mohicans

by ANDREW PORTER

ngton, Delaware, lies be- Iew York and Washing- Alighting at its station, ks through a few blocks it decayed, festering n cityscape the like of have never encountered opean cities—New York res of it—and then a very pleasant tree- pedestrian street, with s, sidewalks, cafes, and ar end a park, a Grecian library, a handsome old nd long, pleasing pros- over green countryside. up this street is the Opera House. It was built ; Wilmington was then of only 55,000, but the had a stage reported as n size only to that of the rk Hippodrome. Edwin played there, Adelina ng there. In 1897, an Vidascope was installed, n the place had been ver to movies. Warner s relinquished the Grand it was threatened with ion; instead, it was and is being lovingly

ted Wilmington to hear st of the Mohicans, an y Alva Henderson, com- ed by the Wilmington Opera. The Mohicans elaware Indians; N. C. who illustrated James e Cooper's novel, is a ro. (Painting by three ons of Wyeths hang in l mentioned above, and a museum largely de- them.) So the subject Wilmington commission d itself; the composer o attention with his an opera with an exact- role, written for Irene at was produced in San n 1972. Since so many have been made from els of Walter Scott, it is ng that Cooper, "the n Scott," should not een drawn upon more But I know of few operas; Marliani's *Il bravo* (1834), which had an extensive but short-lived European success; Arditi's *La spia* (1856), about which a New York critic said (tongue-in-cheek, to judge by the printed excerpts) that "to the dash and brilliancy of Verdi, it unites the flowing harmonies of Donizetti, and the *savoir-faire* of Meyerbeer's effects"; Gaston Salvayre's *Le Bravo* (1877). Possibly, though the plot has been changed almost out of recognition, one should add Mercadante's *Il bravo* (1839), which the Rome Opera is to revive as the first production of its 1986-87 season.

Richard Genée's *Die letzten Mohikaner* (1878), whatever the reference books may say, owes nothing to Cooper but its title. But *L'ultimo dei Moicani* (Florence, 1916), by the Boston composer Paul Allen, follows the book closely. It is a large, slightly rambling romantic opera, focused on the double romance, amid adventures, of Cora, the dusky daughter of a Scots general and his West Indian wife, with Uncas, the young Mohican; and of Cora's blonde half-sister Alice with the rich young Southerner Captain Heyward. The opera ends with a *Tristan*-esque duet-in-death for the first pair. The libretto is by Carlo Zangarini, co-librettist of *La fanciulla del West*.

The Spy (1831) and *The Bravo* (1831) are novels about men of principle caught in environments of, respectively, moral disorder (Westchester County in 1780, between British and American forces) and immoral order (Venice ruled by the Secret Council). Both provide good matter for opera, but neither can compare with *The Last of the Mohicans* (1826) in grandeur and richness of content. It is easy to see why a composer might be drawn to *The Mohicans*. In its physical description of up-state New York there is something of *Paradise Lost*; the landscape of forest, lake, and river plays a more than picturesque yet not obtrusively symbolic role. The final elegy for Uncas and Cora has something in common with the great elegiac sequence that closes Handel's *Saul*. The fair Alice and Heyward live on, presumably happy, and in that there is a reflection on Cooper's recurrent theme: that the forests, the rivers, the Indians, the animals, the old ways, the old order are doomed to destruction by the conquering white man. Even to-day destruction is not yet quite complete. America is very large, and there are still some unspoilt rivers. And there are also people who now fight to save them. Henderson's opera, like the book, is more than merely a romantic adventure story; and like Boulez's cantata about a polluted river, *Le Soleil des eaux*, it is far more than simple, nostalgic lament for the environment. Deep themes run through it.

Cooper's novel is filled with noises, both of wood and water and of human music: white men's evening hymns, Indian solo and choral song, and the music of Indian speech. When Uncas converses with his father Chingachgook, "The compass of their voices, particularly that of the youth, was wonderful—extending from the deepest bass to tones that were even feminine in their softness." Henderson's opera, which has a libretto by Janet Lewis, conveys this sense of an unspoiled nature in which all sounds seem to become music. He begins where Cooper ended, with the funeral rites for Uncas and Cora, and then recounts the incidents of the adventure story within the threnody. The effect is almost as of a choral drama with solos, kin to Handel's English music dramas. The handling is unhurried: the three-act opera contains nearly three hours of music, and some of the long speeches from the book—Chingachgook's "Where are the blossoms of those summers?"; Hawkeye's meditation on the wild flurrying of Glens Falls, a temporary turbulence in the long smooth flow of the river, symbol for the transitoriness of men's troubles—are very expansively set.

The composer has not aimed to imitate Indian music, but writes in a fluent neo-romantic idiom without essaying ethnic or exotic authenticity. His vocal lines are flexible and good to sing. The orchestration is colourful. I thought it was insufficiently distinguished music as I listened—that the melodies were simply not good enough—and yet, of all the new American operas heard during this Bicentennial season, *The Last of the Mohicans* has left the deepest impression. It is an opera more reflective than active. The dramatic timing is odd. Uncas's trial, a climax towards the end of both novel and opera, proceeds very slowly, amid extended speeches and ensembles. Then the deaths of Cora, Uncas, and the villainous Magua are whisked through in three successive bars, and we are back into the threnody. But all that—and the numerous, leisurely ensembles, and the off-stage choruses that echo, amplify, provide a background to thoughts that are voiced and moods that are felt onstage—need only be deemed "faults" by impatient people who want *The Last of the Mohicans* to be quite a different sort of opera.

Robert Darling's production, in settings of his own design, was very successful. The Grand has no fly tower: with revolving rocks, gauzy curtains, and clever lighting the sequence of shifting and cross-fading scenes was smoothly achieved. Kiri Te Kanawa and José Carreras would be ideal casting for the principal roles. In Wilmington, an accomplished cast of young singers was led by Linda Roark and Peter Van Derick as Cora and Uncas, Kristine Comendant and William Austin as Alice and Heyward. Outside New York there are no full-time professional opera choruses (not even in Chicago and San Francisco); the Wilmington amateur chorus was secure. Christofer Macatsoris was an able conductor.

Covent Garden

Troilus and Cressida

by RONALD CRICHTON

Janet Baker and Richard Cassilly in the foreground, Benjamin Luxon and Richard van Allan behind

The long-awaited revised version and new production of Walton's opera, *Troilus and Cressida*, with the heroine's part adjusted to the voice of Janet Baker, finally made its appearance at Covent Garden on Friday. The composer has also made a few small cuts in the score and (with the help of the new producer, Colin Graham) in Christopher Hassall's libretto. The effect is not vastly different. If anything the tightenings-up and the use of slightly deeper vocal colour reinforce what in earlier performances some found a virtue, others a fault—the abundance of lyrical, nostalgic love-music in Walton's luscious, post-war vein.

Hassall's libretto is based, not on Shakespeare but on Boccaccio and Chaucer. Walton wanted to write a romantic opera with juicy, Italianate parts for the leading singers. A poet with far more experience than Hassall had of writing opera liberettos might quail at the prospect of reducing Shakespeare's turbulent, protean, festering black comedy of war and love to proportions suitable for music. Yet Shakespeare would have provided the sharp contrast, the dash of bitter gall, that the moon-struck music seems to me to lack. Pandarus is all very well, but his measured worldliness is not enough—one needs something more, perhaps an equivalent to the railing Thersites.

There are lyrical phrases, in the music for Troilus as well as for Cressida, which come from the main stream of English song-writing. Cressida's lamenting in Act 3 has something of the forlorn, lacerating sadness of Warlock's *The Curlew*. But now and then the sorrowing begins to sound automatic, and those upward-leaping intervals which have made their effect in many a Walton score before now begin to feel enervating merely "beautiful." It was courageous in a composer of Walton's eminence to have written, in the 1950s, a big opera in a style bound to be considered anachronistic. That does not matter now, but a certain tiredness remains, a tiredness probably due more to lack of stimulation from story and characters than from difficulty with musical invention.

With a minimum of change, Walton has fitted Cressida's music to the new interpreter as snugly as a glove. Dame Janet sings the role as if she had known it for years, floating seamless, delicate, pellucid phrases. She looks charming, moves as ever with grace, is touching and adorable. Yet this is not, surely, one of her searing, revelatory stage performances. The reasons for this may be twofold. First, her words are not clear enough. Second, she has, I suspect, an instinctive integrity that absolutely forbids her (the process may be quite unconscious) to make more of a part than is there. And this Cressida, an unhappy young widow who makes one fatal, unlikely error of judgment, may be a more estimable person but is a much less interesting character than Shakespeare's wanton.

Richard Cassilly's Troilus is one of the best things he has done here (no difficulty in catching his words), so convincing as lover and warrior that in no time one forgets his physical resemblance to one of those bearded Leviathans who used to sing Tristan on German stages a centry ago. The new Pandarus is Gerald English, who can easily send the character's mild quips winging through the house: he lacks only the ability (perhaps unique to Peter Pears, the first singer of the role) of weaving difficult individual notes or syllables into a high-lying phrase.

Nobody else matters much. The role of Calkas, High Priest of Troy and treacherous father to Cressida, has been shortened. Richard Van Allan looks suitably furtive, but he is going through a phase of gobbling his words at the back of his throat. As Antenor, Malcolm Rivers had one or two ringing phrases. As Evadne, Cressida's unreliable companion, and Diomede, rival to Troilus, neither Elizabeth Bainbridge nor Benjamin Luxon is as vivid as memory insists their predecessors were. Apart from this untypical failure to bring the smaller parts into sharper relief, Colin Graham's production is smooth, inconspicuous and efficient.

This is an economy production, rather too obviously so. Christopher Morley and Ann Curtis have provided a symphonic ballet-type of set with black wings and a backcloth on which chalky projections are thrown. There are props but not many—Pandarus has no litter. Since the Troilus story is a late, post-classical addition to the Trojan War myth, and since Hassall and Walton's version pushes the war into the background, one would have thought this opera a clear case for updating, yet we have archaic helmets, armour, spears, tunics, the lot. There is a typically English assumption that a nice bit of colour will make up for the absence of anything much else. The results are pleasant but undistinguished, like minor Shakespeare 20 years ago.

A distinguished feature of Friday's performance was the conducting of Lawrence Foster, a late replacement for the indisposed Previn. Mr. Foster must have mastered the score quickly and thoroughly. To give the ·chian quicksilver of the orchestral part as well as the Waltonian fizz and crackle their head without incommoding the singers cannot be easy—but with the exception of a few low-lying phrases conductor and excellent orchestra succeeded. I am still not convinced that as a whole *Troilus* is one of Walton's most successful works, but it has a dignified place in our post-war operatic renaissance. Waltonians won't need urging. For the rest, no open-minded opera-lover should fail to respond to the best of the music or to the high quality of the leading performances. The composer was warmly and affectionately greeted by a full house.

e University

The Rake's Progress

by ELIZABETH FORBES

quarter-century of exist- he Rake's Progress has one of the most durable id-20th-century operas. If I hesitate to call it a classic, that is because the word implies a work embalmed in tradition, and Stravinsky's score obviously pulsates with life. The Auden/Kallman text, firmly based on Hogarth's engravings, also gives every sign of health and vitality. So it is hardly surprising to find, when Opera for All's current production demolishes the entire foundation on which the work is built — removes any connection but the bare scaffolding of the story with Hogarth or the 18th century—that the structure of *The Rake* withstands the shock undamaged.

Opera for All tours three operas with eight singers and a pianist, so other important elements of the work are missing: the orchestra for one, and the chorus for another. *The Rake* survives these shocks surprisingly well too. The tour's pianist, Andrew Greenwood, works prodigiously hard to make up for the lack of orchestral colour; and he saved the situation without turning a hair when a mishap occurred during the performance at Walter Moberly Hall in Keele University. The absence of a chorus would seem more damaging, for it participates vitally in several scenes. Some of the chorus music has indeed to be cut, but the producer, Tom Hawkes, ingeniously solves the dramatic problems.

Four robed and masked figures — the singers not actually in that particular scene — represent the Whores and Roaring Boys at Mother Goose's brothel, and take a sad farewell of Baba the Turk on her retirement; the Auction is directed straight at the audience, with bids coming from off-stage, while in Bedlam the inmates, apart from Tom, are again heard but not seen. Moshe Mussman's set is made up of a rostrum and some folding, swivelling screens, which reflect multicoloured lights on one side, and present a dark, matt surface on the other. There are splendid props — notably Tom's bread-machine and Baba's treasures. Clothes are casual, contemporary gear, with more exotic costumes for Mother Goose and Baba.

Bearing in mind that the same singers have also to appear in *Die Fledermaus* and *A Masked Ball*, the cast is well-chosen and accomplished. Ralph Mason makes a likeable Tom, outwardly confident, inwardly uncertain and vulnerable. His singing is firm and fluent, with every sylable clearly ennunciated. Between Sullivan and Stravinsky there yawns a gap; between Freddy Eynsford-Hill and Tom Rakewell there is a veritable chasm, and Mr. Mason has crossed both in quite remarkable fashion. Paul Napier-Burrows sings most impressively as Nick Shadow, projecting words and music with equal conviction, clarity and accuracy. He was specially effective in the Graveyard scene.

Penelope Thorn, though taxed by Anne's aria, phrases much of the rest of her music expressively and is touching in the scene with mad Tom in Bedlam. Angela Presman is good as Mother Goose, a difficult role to make convincing, particularly for a young singer. Renee Rushworth's Baba the Turk, decorative to behold, is almost too sympathetically characterised, causing genuine upset over the sale of her treasured possessions. Harold Sharples as Sellem conducts the Auction persuasively—I nearly bid for the pike myself—and John Thornton is a dependable Trulove. Mention should also be made of the devoted stage staff, who, on top of their other myriad collective and individual duties, appear, act, speak and even sing when so required.

Festival Hall

Carlos Paita

by RONALD CRICHTON

The Argentinian Carlos Paita's concert with the Royal Philharmonic Orchestra on Thursday included, with two works by Mozart, the First Symphony of Mahler, which Mr. Paita conducted without a stick. Did this *explain a certain lack of firmness* in colour and outline, or was the eye influencing the ear? At any rate, a sympathetic, sensitive, almost always interesting performance had about it a touch of impressionist haze, a lingering sweetness more remarkable than the furious climaxes, an absence of the corrosive acid with which Mahler's lines normally, in this work, appear to be drawn.

A sensation of mist over the broad landscape of the opening (explored again in the finale), and in the hills full of songs of unrequited love and bugle calls, could not obscure some congenial and delicate playing from the RPO. The warmth with which they met the conductor's demands for rubato (just, but only just kept on the right side of indiscretion) revealed surprising Latin affinities in the music. There was good solo work and fine shading in all departments, but for the whole story of this symphony to be told, a generally *sharper attack was needed.*

Was there a deliberate association of ide[illegible] in the pairing of the Magic Flute Overture with Mozart's Parisian Concerto for Flute and Harp? If so, it did not work—the greater work fatally reduced the lesser. The concerto has such pretty tunes that every performance renews the hope that it will turn out to have been underrated after all—yet once again each of the three movements outstayed its welcome—something almost inconceivable in this composer. In the following century French composers were to write like angels for these two instruments, but not even Mozart could see so far into the future. The soloists, Susan Milan (flute) and Una O'Donovan (harp) are the orchestra's principals for their instruments. So loyally did they respect the limits of the work that the effect, of the harp especially, was on the small side for this hall.

The Entertainment Guide is on Page 28

Criterion

The Thoughts of Chairman Alf

No need to describe Alf Garnett; he is a familiar figure in every home with a television set, the unique love-hate object of our age. At the Criterion, Warren Mitchell keeps him going for nearly two and a-half hours of abuse, prejudice and blasphemy provided for him by the fertile pen of Johnny Speight. He also shows us another side of his talent, his ability to put over an old-style music-hall song ("At Trinity Church I met my doom." "It's a great big shame." "My old Dutch." "I'm 'Enery the Eighth, I am," and so on). He leads up to them with masterly skill, sings them to perfection, and has the audience joining in with no trouble at all.

The Criterion management has made a revolutionary concession and allows the audience to bring drinks into the house. (Thank God they have not followed up with cigarettes.) This helps to complete the cosy music-hall ambience and keeps the audience reacting to Alf's constant barbs.

Among Alf's topics are the Church of England, West Ham United, Jack the Ripper ("better known as Gladstone the Jew"), funerals, God, wives, the Welsh the Jews, the Blacks. He covers each of them with faultless bad taste, pausing now and then to insult the audience directly. "You got underfelt with that dress, did you?" he asks a lady in the stalls.

The audience revelled in it. Myself, I hardly stopped laughing from start to finish. Of course, I should have been thinking of the political origins of the Alf Garnetts of this country, but I can think about that to-morrow.

B. A. YOUNG

New Victoria

Linda Ronstadt

by ANTONY THORNCROFT

For years Linda Ronstadt has been building a modest reputation as the interpreter and populariser of songs of other artists. Now she is in London and making a much greater impact than all those writers could possibly muster between them.

Her first, and not unimportant, advantage is that she is extraordinarily pretty, a happy American High School prettiness that has now seen her faithfully into her thirties. As she smiled her way on to the New Victoria stage, small and neat in blue jeans and coquettishly cut away blouse, an almost audible grunt of satisfaction ran through the audience. It wanted her to perform up to her appearance.

As she sped through a painfully well-balanced repertoire of excellent country rock songs, mixing an up-tempo classic like Buddy Holly's "That will be the day" with the plaintive "Hasten down the wind" it was obvious that Linda Ronstadt was going to have an easy passage.

Her backing band knows the material intimately, and with the accomplished Andrew Gold on lead guitar the whole set was marked with that professional blend of attractive songs, sympathetically performed by nice people which has become the rule among American country-rock groups.

The concert was uncannily reminiscent of Emmylou Harris's London debut in the same theatre almost exactly a year ago playing identical music. Yet Linda Ronstadt did not please quite so much. Her voice is better, managing to roar its way through the rock songs and to throb in the ballads: Linda Ronstadt also seems to bring considerable emotion to her performance, and was quite affecting as she clutched the microphone stand with eyes closed during her encore numbers, "Heart like a wheel" and "Desperado."

What she lacks is Emmylou Harris's enthusiasm. There is a vulnerability about Linda Ronstadt which shows itself in attacks of the giggles, and in the contrived alternation of slow and fast songs—they unsettle the mood which her personality is not yet strong enough to dominate. Still she is very, very good. Even the security guards, notorious hard cases, never took their eyes off her: luckily the audience was equally obsessed.

Jazz on film

Jazz fans have an opportunity to see and hear the story of jazz and the many forms which developed from it in an evening of films presented by John Huntley at the Fairfield Hall, Croydon, tonight, Monday.

Artists to be seen and heard include Bessie Smith, Red Nichols and the Five Pennies, George Lewis, Fats Waller, Charlie Barnett and his Orchestra, Jack Teagarden, Benny Goodman and his Orchestra, Duke Ellington, Dave Bruebeck Quartet, Teddy Wilson Trio, Oscar Peterson Trio, Leadbelly, and others.

Also featured are the British dance bands of the 1930s, including those of Eddie Carroll, Henry Hall, and Roy Fox.

Alexander Calder

Alexander Calder, the American sculptor who died last week from a heart attack at the age of 78, is remembered mostly for his invention of "mobiles," sculptures consisting of variously shaped fragments suspended on wire and allowed to swing in such a way as to present changing relationships. These comprised the majority of his works in the '30s, though he also made "stabiles," which are fundamentally mobiles that do not move.

Born in Phildelphia, the son and grandson of sculptors, he graduated as a mechanical engineer in 1919 and worked in engineering for the next few years. He began living in Paris on and off in the mid-'20s and finally settled in France in 1933.

He was himself mobile by nature: his recreations are given in Who's Who as "swimming, dancing, drinking." At the time of his death he was staying with friends in New York where a restrospective exhibition of 50 years of his work was mounted at the Whitney Museum of Art.

Balanchine's new Brahms ballet

George Balanchine is to direct the choreographic production of *Liebeslieder Walzer* by Brahms, presented by members of the Vienna State Opera Ballet. The premiere is scheduled to take place on May 28, 1977.

Douglas presses France for sales

By David Curry

PARIS, Nov. 14.

THE AMERICAN aircraft manufacturer McDonnell Douglas appears to be insisting *much more strongly than* first expected on the purchase of Douglas aircraft by the French lines, Air France and Air Inter, as part of the price for its co-operation in developing a remodelled and enlarged version of the Dassault Mercure airliner.

The Corporation has written to the French Transport Minister, M. Marcel Cavaille, underlining its decision to link *the purchase of its aircraft* with the Mercure development. M. Cavaille has indicated that Douglas Aircraft could provide stop-gap replacements for Air France's Boeing 707, 727 and Caravelles but it has been *firmly denied that there is a* specific link.

McDonnell Douglas has a 15 per cent. stake in the Mercure project which the French Government sees as a route into the profitable American market. *However, neither side* seems to be fully committed to the venture. Douglas has given no hint that it would abandon its own DCX-200 project, while French projections of a 1,500 unit market for the Mercure *derivative would* shrink to 400 or so if Boeing presses ahead with its rival 7N7 project.

Arab peace force ready to sweep into Beirut

BY OUR OWN CORRESPONDENT

BEIRUT, Nov. 14.

THE SYRIAN-DOMINATED joint Arab peace-keeping force is prepared to sweep into Beirut at dawn to-morrow as Syrian *Premier* Abdel *Rahman* Khleifawi warned that the troops would use all necessary force *to overcome any opposition.*

About 4,000 men and 130 tanks are now encircling the Lebanese capital and waiting for the go-ahead from their Lebanese commander to move into the city, divided into the Western sector held by the Left, and the Eastern one under control of *the* Right-wing Christians.

More than 100 truckloads of Syrian troops and tanks rolled down the road from the mountain south-east of Beirut to-day to reinforce the Arab Peace-keeping forces which have ringed *the city* since last Wednesday.

A slight change has been made in the plan, the first phase of which was completed on Wednesday. In the second phase, scheduled to begin at dawn, 3,000-4,000 troops, the bulk of them Syrian, will move simultaneously into east and west Beirut and enter all areas.

The original plan would have placed them on the confrontation lines only, to create buffer zones separating the combatants.

Under the amended version, the peace troops are authorised to enter all areas in Beirut, set up posts at strategic points and provide protection for State establishments.

These include the Central Bank, Ministry Buildings, public utility departments and the port and airport—which *some* newspaper reports to-day expected to reopen for normal traffic on Thursday.

Another Syrian armoured brigade, of about 2,000 men, entered *Lebanon over the week-end* to reinforce the peacekeeping forces.

Two others were *expected any* time, thus raising the total number of Syrian forces in Lebanon to 26,000, some of whom are to be deployed in the Chouf district, south-east of Beirut.

Delays

Delays in carrying out the second *phase of the plan* has been attributed to various reasons, among which were the need to include non-Syrian Arab troops in the forces that will enter the capital—the Palestinians object strongly to an *almost entirely Syrian force*—reluctance of hardline militia forces to pull out from certain front-line positions, and some administrative problems.

Once the second phase of the plan is completed, the Syrians will have strengthened their control over four-fifths of *Lebanon, including the capital.*

Reuter adds: Still no sign was apparent of other Arab troops among the Syrian T-62 *tanks* which took up positions in the olive groves by the airport, nor *among the older* T-55s deployed in the Right-wing suburbs north of the city. Al-Samoud, daily organ of the commando "rejection Front," proclaimed that the force was still receiving its orders from Damascus.

One Palestinian official remarked that if there were not an injection of other Arab troops, *the commandos would* fight the entry of the Syrians. But the massive Syrian firepower concentrated around the city would make this a murderous struggle.

In an interview, this week-end, Mr. Khleifawi asserted: "The Cairo Agreement (of 1969 regulating Lebanese-Palestinian relations) is unambiguous on the freedom of commando operations in south Lebanon." An essential element of the peace formula approved by the Arab summit last month was that the accords should be observed.

It is estimated that between *4,000 and 5,000 Palestinian* guerillas are now located in South Lebanon after they were moved from their positions in the central mountains where they had been fighting against Lebanese Christian forces.

Kennedy holds talks in Rome

By Dominick J. Coyle

ROME, Nov. 14.

A POLICY of non-interference in *Italy's* internal affairs, in particular on the controversial question of any direct Communist *entry into the government*, would be a positive hallmark of the new Carter administration in Washington, Senator Edward Kennedy said during a visit to Rome over the week-end.

The Massachusetts Senator, while disclaiming the widespread assertion in the Italian *Press that he was in Rome as* a direct emissary of the President-elect, managed to fit in a series of meetings and discussions more appropriate to the style of Dr. Henry Kissinger.

Senator Kennedy, during what he described as a private visit, saw President Giovanni *Leone, Sig. Guilio Andreotti*, the Prime Minister, Foreign Minister Forlani, the Christian Democrats and Socialist Party secretaries, Sig. Sergio Segre, the Communist Party's foreign affairs spokesman, Dr. Paolo *Baffi, the Governor of the Bank* of Italy and Dr. Guido Carli.

Without saying so explicitly, he succeeded in leaving the impression that Communist participation in Government might be acceptable—at least *to himself—on* three conditions: that the party contributed to solving the present economic crisis, respected existing alliances and was committed to the preservation of democratic institutions.

EEC ministers face fish dispute threat

BY OUR FOREIGN STAFF

FOREIGN MINISTERS of the Nine will be confronted with the threat of a new fisheries dispute erupting between Britain and Iceland at the beginning of next *month when they hold a council* meeting in Brussels to-day.

After the one-day talks on Friday between the Icelandic Government and the EEC officials, it became clear that Iceland expects the British trawler fleet *to leave the fishing* grounds, at least for the time being, when the U.K.-Iceland agreement expires on December 2.

The British Government is reluctant to fight another cod war with Iceland, but is aware that British vessels may have to stop fishing off the Icelandic coast if there is no new agreement.

The Government hopes that a cessation would be only *temporary while negotiations* between Iceland and the European Community continue, but is far from optimistic about the outcome.

The Community has relatively little to offer the Icelanders in *the way of reciprocal arrangements*, since Iceland takes only about 5 per cent. of its catch in what will become—on January 1—Community waters.

Britain would like the Community to threaten to suspend *tariff reductions on its imports* of Icelandic fish and fish products if agreement cannot be reached. This would be technically possible under protocol 6 of the Icelandic treaty with the EEC, but the Community is not yet ready to do it and, in any case, the Icelandic Government has shown before that it is ready to live without tariff concessions.

Official talks between Iceland and the Community begin in Reykajavik on November 25, when Mr. Finn Olav Gundelach, the chief EEC negotiator, returns to Reykjavik from Brussels.

Last week, Mr. Matthias Bjarnasson, Icelandic Fisheries Minister, indicated that Iceland would like to secure fishing rights inside the *forthcoming* 200-mile zone around Greenland and in the North Sea but Iceland did not have much to offer the EEC in terms of tonnage inside Iceland's already over-fished 200-mile zone.

Mr. Agustsson admitted that the future of the talks depended very much on the outcome of this *week's annual meeting of* the North Atlantic Fisheries Committee.

The Icelandic Government wants to find out what herring quota it can secure in the North Sea before it is willing to *continue the dialogue with the EEC* at this stage and this is the main reason why the talks will not resume until November 25.

In Brussels to-day, Foreign Ministers will also discuss the common position the Nine should *take in the closing stages of the* North-South dialogue, which is due to conclude in Paris in the middle of next month.

They are also expected to consider what, if anything, the Nine can do to minimise the size of the *expected increase in OPEC* oil prices. But any move to link this issue explicitly with the offer made to the Third World in the North-South talks will be resisted by several countries, including the U.K.

Portuguese Communists re-elect Dr Cunhal

By Paul Ellman

LISBON, Nov. 14.

PORTUGAL'S Communists ended a *four-day national congress* to-day by unanimously re-electing pro-Moscow Secretary-General Alvaro Cunhal and pressing for a wide Left-wing coalition to replace Premier Mario Soares' moderate Socialist Party Cabinet.

Some 6,000 delegates and party members from Portugal and abroad applauded thunderously and chanted, "unity, unity," as the 63-year-old Dr. Cunhal told the closing session, "the Socialist Government in pursuing policies . . . which endanger Portuguese democracy and cannot solve the country's *problems.*

"The road to consolidation of democracy is an alliance between Socialists and Communists," Dr. Cunhal said.

On Dr. Cunhal's recommendation, the congress enlarged the 36-member Central Committee to 90, including some younger militants but not diluting the party's tough pro-Soviet line. "This Congress was an exalting confirmation of our nationalist and internationalist policies," Dr. Cunhal declared. Among the foreign Communists at the congress was Mr. Boris Ponomariov, the Kremlin's top liaison man *with Western parties.*

Dr. Cunhal made it clear he expects recent Socialist dissension over the Government's tough economic recovery measures—and the sudden resignation of Agriculture Minister *Antonio Lopes Cardoso*, unofficial leader of the Socialists' radical wing—to give votes to the Communists in nationwide local elections on December 12, increasing pressure for a popular front.

Election gains expected for Quebec separatists

BY W. L. LUETKENS

MONTREAL, Nov. 14.

THE QUEBEC Separatist Party is almost sure to make a great stride forward in the provincial *election to-morrow, but only* at the price of having studiously avoided the issue of whether Quebec shall leave the Canadian confederation.

Mr. Robert Bourassa, the Liberal Provincial Premier, spent the last few days of the campaign trying to nail the Parti Québécois (PQ) on separatism. *But the PQ leader, Rene* Levesque, easily eluded him.

Given the English-style electoral system and the many ways votes may split between contending groups, there is a distinct possibility that Quebec will finish up with a minority government either of the Liberals or of the PQ yet with an overall majority *of federalists in the National* Assembly cutting across all the parties.

The many uncertainties were instrumental in causing a fall of the Canadian dollar last week, which was in any case overdue *for economic reasons.*

In the 1973 election, the PQ was bludgeoned into defeat when Mr. Bourassa costed Quebec independence. Potential supporters were *scared off by the thousand* since it is well known that Quebec receives transfer payments of about \$1bn. a year from the Federal treasury.

This time round Mr. Levesque *has concentrated on bread-and-*butter issues befitting a party which is social democratic or socialist as well as separatist. He has promised that he will do nothing about Quebec independence until he has held a *referendum in two years' time* and that he will feel bound by the result. In the present mood of the province that could only be a heavy defeat for separation. A poll has shown that only 18 per cent. of the inhabitants and only 20 per cent of the French speakers want separation.

But two years is a long time and a PQ success now could develop its own momentum not least because it would infuriate *the other*, English-speaking provinces.

Brazil goes to the polls

BY DAVID WHITE

RIO DE JANEIRO, Nov. 14.

SOME 43m. Brazilians, including 7m. new voters, go to the polls *to-morrow* in country-wide local elections in which both permitted political parties seem likely to claim success.

In terms of elected candidates for prefectures and councils in almost 4,000 electoral districts, the Government Party, the National Renewal Alliance (Arena), already has victory in the bag. Prefects in the State capital and a number of other important towns are appointed by *the Government, while* the opposition Brazilian Democratic Movement (MDB) has put up no candidate in more than 1,000 districts.

For President Geisel, who has led the Arena campaign, a clear victory would help to settle the qualms of the ruling military establishment about the Government's moves towards less authoritarian rule. Some observers see a convincing Government win as a prerequisite for future general elections being held at all.

The significance of a Government victory, however, will doubtless have been reduced by *the crippling restrictions which* have been imposed on the campaigns of both parties and which have effectively handicapped the opposition.

Sadat call for U.S. arms

CAIRO, Nov. 14.

PRESIDENT Anwar Sadat to-day repeated his request for U.S. military assistance "because it is my right *to do so as a friend.*"

He made his request during a meeting with Sen. James Aborezk, the Democrat from South Dakota, who is on a Middle East tour with other congressmen. "I consider myself to be a *friend of the U.S.* and my people are friends with the American people. I am not asking for help, sell me weapons to maintain a balance in the Middle East, it is my right to ask as a friend, President Sadat said.

Both the *Soviet Union* and the U.S. have covered the military losses sustained by Syria and Israel respectively after the 1973 Arab-Israeli war, he explained.

"*For* the past three years—and until this moment—I have not received anything to cover my losses *in the war*. I am in a unique situation, especially because the balance between war and peace *is here*," President Sadat told his visitors.

As for progress towards a *peace settlement in the Middle* East, President Sadat said the Geneva Conference remains the only path. "Israel has no choice but to go to Geneva and face us and the rest of the world," he said. It was the responsibility *of the U.S. and the Soviet* Union—the co-chairmen of the conference—to arrange for a resumption of talks at Geneva with Palestinian participation.
Reuter

Burns makes gesture to Carter

BY JUREK MARTIN

WASHINGTON, Nov. 14.

DR. ARTHUR BURNS, the chairman of the Federal Reserve, has moved with unexpected alacrity to counter speculation that he is heading for a clash on economic policy with the incoming Carter administration.

He was responding to Press reports of his testimony last Thursday on Capitol Hill on monetary *policy* and the *state* of the economy. Most American and foreign newspapers which covered the event agreed that Dr. Burns appeared to be warning the new Government against increasing Government spending or cutting taxes.

However, Fed officials, following Dr. Burns's wishes, contacted the major American newspapers at the end of last week to register official surprise at the interpretations put on the chairman's testimony, in particular over what had been seen as his implied opposition to any tax cut. The *officials said that his* warnings were directed mainly at overspending.

Dr. Burns even took the opportunity of a meeting on another subject with Mr. Henry Reuss, the leading Congressional economic authority, to say that he hoped to co-operate fully with the new administration.

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WORLD TRADE NEWS

Construction insurance for Saudi harbour project

BY ERIC SHORT

LOWNDES LAMBERT Group, a of the Hill Samuel has been appointed to the construction insur- the $1bn. extension of ustrial harbour at the Arabian port of Jubail. up was appointed by the Bank of Bahrain to act lf of its insurance divi- draw up the insurance quired and to place it in ld insurance markets.

harbour extension is uilt for the Saudi Arabian Communications Ministry by the Hyundai Construction Company of South Korea. It will take four years to complete.

Lowndes Lambert has arranged insurances to cover the project's principals and contractors against contractor's all-risks, which covers plant machinery, materials and consequential loss, and third party liability. The company has its own arrangements for employer's liability since it is employing a lot of Korean labour and Lowndes Lambert is still discussing cover for goods and plant in transit.

A substantial part of the direct insurance has been underwritten by the National Insurance Company of Saudi Arabia. But a very high proportion of this cover, believed to be at least 90 per cent., has been reinsured on the world insurance markets. A considerable amount of the cover, either by direct insurance or by reinsurance, has been underwritten in the London Market and, because the premiums have been paid in Ryals and U.S. dollars, there has been a large currency gain for the U.K.

Bank of America retains UAE interests despite anti-boycott law

BY KATHLEEN BISHTAWI

DUBAI, Nov. 14.

BANK of Credit and Commerce International (BCCI) in Abu Dhabi, which is 30 per cent. owned by the Bank of America, channelling its letters of for U.S. trade deals other correspondent according to a source in capital.

ank had been passing up er cent. of its letters of through the Bank of —until this week after gh anti-Arab boycott laws troduced in the State of ia. The Bank of America ounced that it would not the Arab boycott, and it now accept any trade itation which used boy- nguage. But documents nying input into the st state that the imported re not of Israeli origin the ship will not pass via li port.

is speculation in UAE circles that the Bank of America may sell its shareholding in BCCI. One of the UAE's most prominent banks, BCCI is registered in Luxembourg, and is owned 30 per cent. by Bank of America and 70 per cent. by Kuwaitis, Saudi nationals, UAE citizens and Iranians.

However, M. Y. C. Lamarche, Bank of America senior vice-President yesterday told the Financial Times in London that no such a move is being considered. "The Californian legislation might affect the Bank of America's ability to confirm certain letters of credit, but it wil not affect us otherwise," he said. "Nothing prevents the BCCI going to other banks for such confirmation. But our investment in BCCI will not be affected," he added. He declined to comment on the extent of business likely to be lost by Bank of America.

A spokesman for the BCCI in Abu Dhabi said that in the first 10 months of this year Letters of Credit passing through the Bank of America totalled over $80m. However, U.S. trade with the emirates, though much smaller than its traditional territory of Saudi Arabia, totalled $350m. last year and there are over 100 U.S. companies operating in the country.

American banking sources in Dubai have privately expressed concern that the other prominent U.S. banks may follow the lead taken by Bank of America. However, Bank of America, though it does not hold a full commercial licence to operate in the UAE, has applied to open a representative office in Abu Dhabi to handle project finance and syndicated loans, and this is not expected to be affected by the bank's recent declaration. The bank also has offshore units in Bahrain and Cairo.

Soviet RB-211 licence deal off

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

POSSIBILITY of the Soviet eing given a licence to e Rolls-Royce RB-211 jet s now considered remote, the Russians can still engine if they wish to e time, the Soviet Union wing strong interest in 211 engine, specially as le power plant for U.S. 47s or Lockheed TriStars oped either to buy from ricans or to build, under

tuation in recent months ged, however. The U.S. made it clear some time ago that after much deliberation it did not intend to give the Soviet Union any part of its technology on big jet airliners, and thus Soviet interest in the RB-211 engine for that purpose has waned.

The Soviet Union is also now developing its own jet engine for its new generation of big civil jets such as the Ilyushin IL-86 airbus. But it remains interested in the RB-211 as a possible power unit for use on the ground in pipeline pumping.

The U.K. would still be prepared to sell the engine to the Soviet Union for this purpose or even for aviation use if a big enough contract were to be offered.

But selling Russia rights to build the engine under licence is a different matter, for that would involve the outright transfer of all the detailed technology of the engine, with no long-term benefit to the U.K. in terms of employment or cash. The U.K. Government is therefore not prepared to permit such a move.

Abu Dhabi order for Deutsche Babcock

By Guy Hawtin

FRANKFURT, Nov. 14.

ABU DHABI has placed the contract for a major extension of an electricity generating plant with an international consortium led by Deutsche Babcock. The West German concern is already leading the consortium which, in November last year, secured the order for the opening phases of the plant.

The first stage of the project covers the construction of four generating facilities, each of 60 megawatts. The second stage involves the construction of two further generating units —each of 65 megawatts capacity—as well as two water desalination plants.

A statement, issued by Deutsche Babcock to-day, said the desalination plants will be provided by the Japanese member of the consortium, Ishikawajima-Harima Heavy Industries of Tokyo.

The Babcock share of the contract signed by Sheikh Suroor Bin Mohammed al Nahyan, chairman of the Gulf States' Water and Electricity Department, is worth DM125m. (£31.7m.).

US wants to discuss GATT tax dispute

By David Egli

GENEVA, Nov. 14.

THE U.S. says it is ready to begin consultations by early December on its Domestic International Sales Corporation (DISC) legislation as well as on the tax practices of Belgium, France and the Netherlands. All four countries were found to be in violation of the General Agreement on Tariffs and Trade (GATT) by an expert panel which reported to the GATT council on Friday, because of unreported tax practices amounting to export subsidies.

The U.S. view is that the findings of the panel are linked, while the European Community believes there should now be a case-by-case examination with respect to all four findings. Belgium rejected the conclusions of the panel as far as its tax practices were concerned, while France made most emphatic reservations.

In another move, which is likely to be rejected by the Europeans, Washington attempted to broaden the issue by claiming in the Council that it was essential to re-examine internationally the effects of various national income tax practices in international trade.

Leading tanker owner appeals to OPEC for moderation

BY JOHN WYLES, SHIPPING CORRESPONDENT

MOUNTING concern among tanker owners about the possible effects of a substantial price rise in Opec oil is reflected in an appeal for moderation issued in Korea by Mr. Y. K. Pao, the world's largest independent ship owner.

Mr. Pao, who usually prefers private pressure to public prompting, said in a speech to the East Asia Committee of Lloyds Register of Shipping that "any further substantial increases in oil prices would have direct and significant economic repercussions that will take some time to overcome."

The Hong Kong-based shipowner whose fleet includes more than 12m. tonnes of oil tankers and combination carriers, said the world economic recovery has not been sufficient to inspire "full confidence in a sustained upswing." He warned Opec that much higher oil prices would be particularly serious for the Third World and for the countries of South-East Asia.

Ironically, the prospect of the Opec Ministerial meeeting in Qatar next month pushing up the oil price has brought a welcome relief to the depressed tanker market where spot dates recently climbed to their highest for nearly two years. In the past fortnight, a number of Very Large Crude Carriers were chartered at around Worldscale 36½ by charterers anxious to lift cargoes out of the Gulf before the expected price rise.

This move to anticipate the Opec meeting, by strengthening the demand for oil tankers, has enticed a substantial number of vessels out of lay-up. Total idle tonnage dropped during October by around 1.3m. tonnes to around 32.7m. — some 20m. tons lower than at the start of the year.

But tanker owners are seriously worried that a major oil price rise will, by depressing oil demand, plunge most of these recently activated tankers back into lay-up.

U.K. offshore industry mounts Latin American sales drive

BY RAY DAFTER, ENERGY CORRESPONDENT

THE U.K. offshore industry is hoping to get in on the ground floor of Latin America's oil development.

A Scottish platform builder, McDermott's Ardersier yard, is believed to be in the running for a steel structure required for Brazilian offshore development. The order, which could be announced within a few weeks, would be worth tens of millions of pounds. It would follow a £9m. export contract placed with the yard by the developers of a Dutch gas field.

British Petroleum has also announced an agreement with Petrobras, the Brazilian State oil company, to explore an area of offshore Brazil. Under the risk contract, BP will be responsible for all exploration and development costs. Should there be a commercial find, BP will be remunerated out of the proceeds.

At the same time the U.K. offshore industry as a whole, through the Government's Offshore Supplies Office, is bidding for an increased share of Latin American work.

In a new report on the Latin American oil industry* Hugh O'Shaughnessy, the Financial Times Latin America correspondent, says the area has some of the brightest prospects for the development of oil production and refining over the next decade.

"The next few years should see a very big and sustained effort to develop the oil resources of Latin America which, despite their great magnitude, have so far gone very largely unexploited," the report says.

* *Oil in Latin America; Publishing Department, Business Enterprises Division, Financial Times, 10, Bolt Court, Fleet Street, London EC4A 3HL; £50.*

Toyota boosts car exports

TOKYO, Nov. 14.

TOYOTA Motor Company Limited reported its October exports rose to 108,045 units, 35 per cent above October 1975.

Of the October total, exports to the U.S. rose 42 per cent. to 40,048 units, those to Saudi Arabia rose 59 per cent. to 9,276 and those to non-communist Europe rose 19.5 per cent. to 20,807.

Exports to Europe included 4,682 units to Britain (94 per cent. more). Reuter

World Economic Indicators

TRADE STATISTICS

			Sept. '76	Aug. '76	July '76	Sept. '75
U.K.	£bn.	exports	2.140	2.039	1.955	1.585
		imports	2.505	2.332	2.482	1.807
		balance	−0.365	−0.293	−0.527	−0.222
France	Frs.bn.	exports	22.068	17.411	23.745	17.461
		imports	26.156	20.143	23.482	17.819
		balance	−4.088	−2.732	+0.317	−0.358
U.S.A.	$bn.	exports	9.871	9.688	9.716	9.104
		imports	11.448	10.446	10.093	8.820
		balance	−1.576	−0.758	−0.377	+0.244
Italy	Lirebn.	exports	2,713	2,230	2,988	1,969
		imports	3,225	2,576	2,883	2,384
		balance	− 512	− 346	+ 105	− 415
Japan	$bn.	exports	6.020	5.298	5.782	4.468
		imports	4.820	4.711	4.777	4.051
		balance	+1.200	+0.587	+1.005	+0.417
W. Germany	DMbn.	exports	23.000	19.249	21.332	18.496
		imports	18.400	18.041	18.739	15.733
		balance	+4.700	+1.200	+2.593	+2.800
			July '76	June '76	May '76	July '75
Holland*	Fls.bn.	exports	7.224	7.412	7.260	5.775
		imports	7.314	7.641	7.184	5.751
		balance	−0.090	−0.229	+0.076	+0.024
Belgium*	B.Frs.bn.	exports	91.564	114.510	102.141	82.697
		imports	95.539	119.584	112.091	85.456
		balance	−3.975	−5.074	−9.950	−2.789

* Excludes trade between Holland, Belgium and Luxembourg.

EEC imposes dumping duty

By David Buchan

BRUSSELS, Nov. 14.

AS PART of its mounting offensive against cut-price imports the EEC Commission has announced the imposition of its first-ever anti-dumping duty—in this case on Taiwanese bicycle chains. The Commission, which on Wednesday started anti-dumping proceedings on Japanese ball-bearings, now has nine official investigations in train (including one on Taiwanese steel nuts) and six more in the pipeline.

The bicycle chain duty has been set at 15 per cent., well below the price margin of between 20 to 60 per cent. at which the Taiwanese exporters are said to have been dumping in EEC markets. This is because the duty is provissionally imposed for a maximum of three months —pending further negotiations with the Taiwanese producers. But so far the Community has failed to get any voluntary restraint or price assurances from Taiwan, partly because its bicycle chain industry is so fragmented. The more centralised Taiwanese steel nut industry is, by contrast, more amenable to pressure and the Commission is therefore still hopeful of getting some restraint agreement from it.

Contracts

- **Snam Progetti** to to design and supervise the construction of a major polyethylene factory in Romania, with an annual capacity of 60,000 tons of low-density polyethylene, using technology developed by Anic. No financial details have been disclosed.
- **Stone-Platt Industries** has confirmed a number of overseas contracts totalling £17½m. These include textile machinery, for three Egyptian mills worth £11m. for delivery towards the end of 1977; foundry equipment for an automatic moulding plant for tractor production in Iran, worth £1.1m.; air conditioning equipment for passenger coaches for the new Hong Kong underground system worth nearly £1.3m.; and £3.3m. of draw-texturing machines to produce polyester filament yarns for the Sam Yang company of S. Korea.
- A contract worth over $2m. for the supply, installation and maintenance of an automatic telex exchange in Nigeria has been awarded to **Cable and Wireless** by the Nigerian External Telecommunications Company.
- **Hawker Siddeley Aviation** has announced further orders, worth £5m., for its HS 125 business jet. The five new orders—two for the U.K. and three for the U.S. take total sales to 359, of which almost 80 per cent. have been for export.

Magazine post rate 'higher in Britain than in Europe'

BY MAX WILKINSON, INDUSTRIAL STAFF

BRITISH POSTAL rates on magazines and business journals are far higher than those in many other European countries, periodical publishers have told the Post Office.

They say in evidence to the Post Office Review Committee that economical and effective postal delivery is vital to the survival of many business magazines.

"We feel that the retention and reinforcement of historic postal concessions in the interests of a well-informed industry and nation is desirable," the Periodical Publishers' Association says.

However, because of uncertainties about the future of postal rates and the contract arrangements with periodicals, publishers weer now actively considering alternative ways of distributing their journals.

The association's members are responsible for about 2,000 magazines with a combined annual sale in billions. About 120m. magazines are sent through the post each year.

Contract agreed

Until 1968, most magazines were sent at special rates, but during the 1960s, the advantage of newspaper rate was steadily eroded, and was effectively removed in 1968 by the two-tier postal tariff.

After a period of intense negotiations during which many publishers were seriously threatened by increasing postal charges, a contract between the Post Office and publishers was agreed in 1971.

The publishers contend that reduced rates are justified by the pre-sorting which they undertake, as well as the high volume and regularity of their custom.

The association claims that the Post Office was making more than its required return on theor individual contracts when they were signed.

"Any future contract increases will have to be closely negotiated because the continued viability of many publications is very delicately poised.

"The fundamental need for a well-informed nation led virtually every advanced country to provide favourable conditions for the distribution of periodicals throughout the history of print.

Recognition

"*This recognition has been* woven into the fabric, not only of reader expectations, but into the basic economics of periodical publishing.

"The large gap between the U.K., even at annual contract rates, and some of our European counterparts in the cost to publishers of posting periodical traffic, demonstrates the degree to which U.K. public policy almost uniquely—and one somehow feels inadvertently—allowed this historical concept to be severely eroded."

Lager sales trebled

LAGER SALES trebled between 1970 and last year, when they accounted for one pint in every five sold, according to Mintel, the market intelligence journal. Sales of mild, which many houses had ceased to stock, dropped by a quarter, and brown and stout also showed a steady but smaller decline.

From 1974 to last year, though, mild reversed its downward trend to a 1 per cent. increase, due partly to the efforts of the Campaign for Real Ale ...

Keg, growth phenomenon of the '60s and early '70s, has been stagnant in sales terms for two three years.

Leyland still undecided on foundries scheme

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

UNCERTAINTIES STILL hang *over British Leyland's plans* for an investment programme in new foundries.

The strategy for new aluminium, and new iron foundries and the modernisation of existing plants to meet demand up to 1986 has been submitted to the National Enterprise Board.

Discussions will now continue with the foundry industry so that by early next year Leyland should be able to submit more detailed and costed proposals.

Industry sources suggest that *the plan put before the Board* last Friday could cost between £80m. and £100m. However, these proposals could be scaled down in the light of other developments in the private *foundry sector.*

Lord Ryder, in last year's report on British Leyland, highlighted the foundries as the main area in which lack of capital was most evident and called for a £50m. investment programme.

Since then the Government's successful scheme to promote investment in ferrous foundries has brought forward more than 250 projects, expected to result in the spending of around £245m. in new plant by 1980.

Private sector investment on *that scale* is expected to raise ferrous foundry capacity by 43 per cent. by the early 1980s and poses questions as to whether Leyland should revise its plans accordingly. Another factor contributing to the uncertainty is the Government's proposals, details of which are still awaited, for a scheme to boost investment in non-ferrous foundries.

British Leyland's detailed plans, particularly on the modernisation and possible rationalisation of existing facilities, will have to be negotiated with the trade unions.

Final decisions on the siting of the two new foundries still have to be taken. But planning applications have been made for sites next to the Leyland's *ferrous foundry* at Wellingborough, and close to West Yorkshire Foundries, at Leeds, where both aluminium and ferrous castings are produced.

Move likely on doorstep sales

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

CALLS for retailers to join finance houses, mail order operators and cheque trading companies in opposition to an EEC draft directive on doorstep selling are likely to be made at this week's meeting of the Retail Consortium.

There is concern that the directive, aimed at protecting consumers, could impinge on a wide range of activities which in this country would not normally be seen as coming into the category of doorstep selling.

Mail order companies, for example, fear that they could be caught in the net of the proposed legislation because their agents call at customers' homes.

Similarly, cheque trading companies could be affected because they collect money from clients' homes each week, as well as the more obvious doorstep sellers such as encyclopedia salesmen.

If adopted, the draft directive would mean that member Governments of the EEC would have to control doorstep selling in a number of ways, some of which already apply in Britain and some of which would break new ground.

Right to cancel

Consumers would have the right to cancel any order within seven days of making it and traders would be obliged to hand customers a separate cancellation form at the same time as the customer signed the contract ordering the goods.

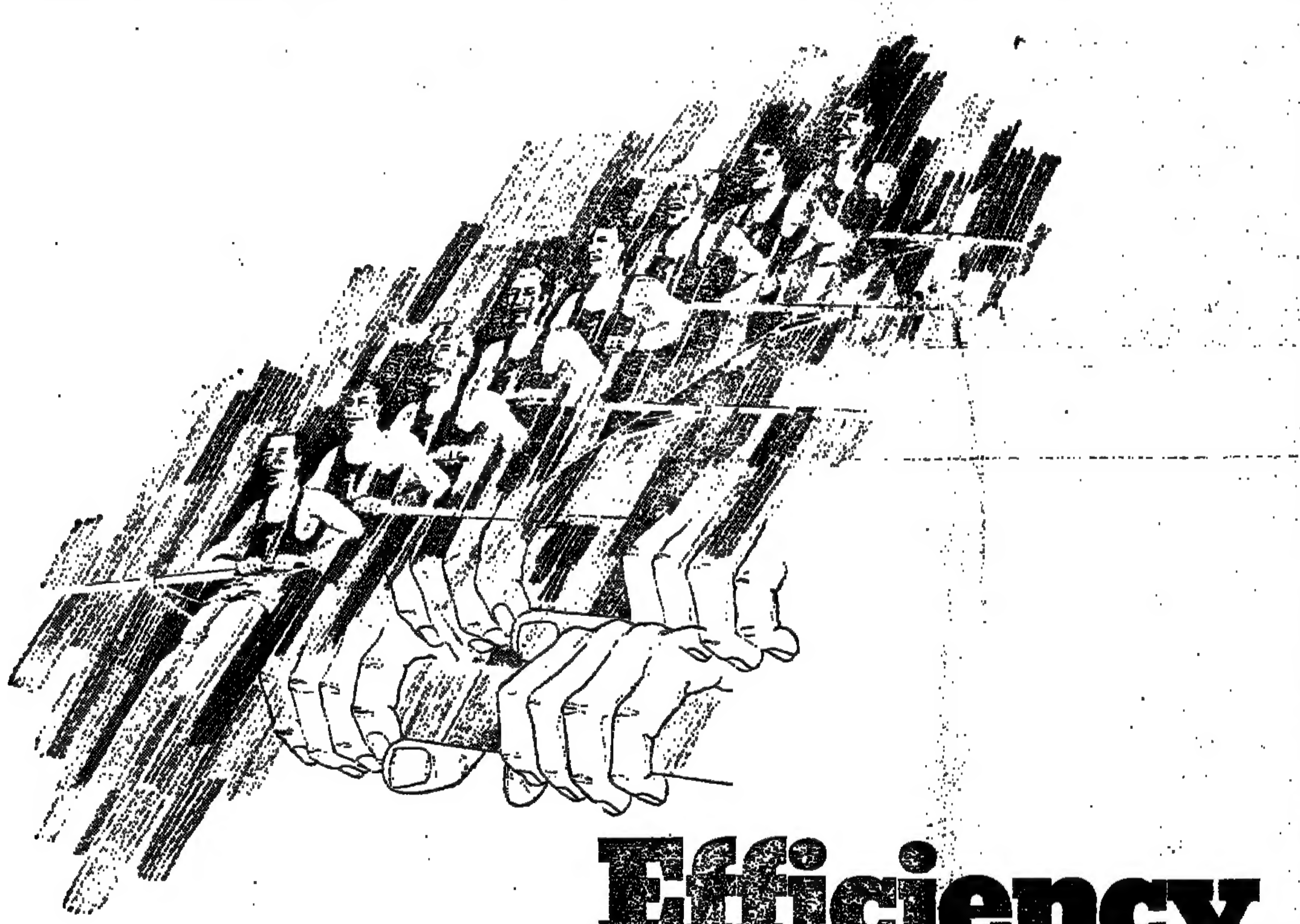
Companies would not be allowed to ask for a deposit within the seven-day cooling off period — except where the national law required deposits—and, in the case of a dispute, the burden of proof would lie with the trader.

Any contract would be void automatically if it did not contain such information as date of delivery of goods being ordered and terms of payment.

Napoleon's coat for sale

THE UNIFORM coat worn by Napoleon at Waterloo will be sold by Sotheby's on December 4. It was seized with other of his personal effects after the battle.

The coat, of the Chasseur à Cheval de la Garde, is among items from the Bluecher collection to be sold at the Sporting Club.



Signs point to slower recovery by Britain

By Michael Blanden

FURTHER EVIDENCE of the slow-down in the U.K.'s economic recovery is likely to be produced this week with statistics due to be published on both the level of retail activity and the growth of production.

The provisional estimate of retail sales in October is due to-day, followed by the second estimate of consumers' expenditure for the third quarter on Wednesday.

Activity in the shops picked up during the summer, after hitting very low levels in May and June.

Sales were helped by the effects of tax rebates and a successful summer sales season, with some evidence that consumers were concentrating their purchases of durable goods in this period.

However, the last retail sales figures, for September, showed that they had again levelled out after a relatively modest recovery.

Expectations are that consumer spending is likely to show little growth and possibly to decline.

Pick-up

Similarly, the preliminary estimate of gross domestic product in the third quarter based on output data, also due on Wednesday, is not likely to show any improvement.

The industrial output statistics on which this measure is based were published last week. They suggested that there was a slight pick-up in production in September after the summer setback.

A large part of the recovery represented a rise from the artifically low August figure, which was affected by industrial disputes and the changed holiday pattern.

Over the three-month period to September as a whole, industrial production was still nearly ¾ per cent. below its level in the second quarter, and any signs of improvement remain tentative.

Wednesday should also bring the latest wage rate figures for October, showing the growth of wages in the third month of the second stage of the wages policy.

The more important statistics in this context, however, are the average earnings figures but it is likely that the September index which should appear with the wage rates will not be available this week because of an industrial dispute.

Mini-Budget £2bn. cut is forecast

THE IMMINENT mini-Budget will take close to £2bn. out of the economy, it is predicted in the latest set of forecasts by the Henley Centre for Forecasting, writes Michael Blanden.

This would substantially cut the public sector borrowing requirement, bringing it down to an estimated level of £8bn for the next financial year.

The Centre says sterling is likely to rise to $1.70 shortly and maintain an average level of $1.68 in 1977. The rise, the forecasts say, will reflect a radical improvement in confidence in sterling.

The value of the pound will continue to fall over the longer term, inflation remaining above international levels until 1980.

"The consequences for Government policy are clear. To cut inflation and hold back sterling's slide, rigorous anti-inflationary policies will have to be pursued, even at the expense of continuing very high levels of unemployment. *In fact, our forecasts now* show no real fall in unemployment until 1978. There is no other way that the balance-of-payments deficit can be corrected."

The Centre expects moderate economic growth next year and a business cycle peak in 1978. Depreciation of the pound will push retail prices up by 14½ per cent. but wages are expected to rise only 10½ per cent., producing an even tighter squeeze on personal incomes.

Fair deal urged for stone

A FAIR deal for the stone industry is to be demanded of Government departments, churches and other main users. The Association of Natural Stone Industries is to press for more realistic attitudes to preservation of stone buildings and to incorporation of masonry in new buildings.

CBI backs nev economic forecast centr

BY OUR ECONOMIC STAFF

THE CONFEDERATION of British Industry is providing financial support, together with a consortium of industrial and commercial organisations, to establish a centre for economic forecasting at the London Business School.

The consortium initially has subscribed £150,000 over three years to finance the continuation of the London Business School model of the U.K. economy and its forecasting operations. *The* centre will take over the forecasting operations financed under a research grant from the Social Science Research Council since 1967.

Activities in basic research and development in the building of economic models previously carried out at the school under the auspices of the ec forecasting unit will tinued by the new cen will absorb the staff of

The London Busin pioneered application cal economic models in forecasting in the U. staff played a leadin helping the Treasury its computerised forec tem in 1968.

The chairman of will be Professor R. J. cipal of the school, an tor will be Mr. Terenc

The consortium sup centre is: Barclays CBI, the Central Generating Board, W. IBM U.K., ICI, Imper Midland Bank, Nati Board, Shell U.K., an

Coal Board to spend £1.3m on Durham pit

BY OUR DARLINGTON CORRESPONDENT

THE NATIONAL Coal Board is to spend £1.3m. at the Vane Tempest pit, Co. Durham, which was threatened with closure earlier this year. The investment will safeguard the jobs of more than 1,000 miners.

Two quarter-mile drifts will open up the new Seam C. The driving of the new drifts is expected to take 18 months and will be phased to allow miners to transfer from the undersea workings as usable reserves are exhausted.

Early this year, a series of seven offshore bore h by the Board disclosed off the Durham c would make further mining too costly.

● The Country Association is calling planning inquiry in posal to mine coal of Belvoir, near Nott

The association request to the Minis Environment, says the area would mean 4,500 acres, equal t farms.

New train service del

BY IAN HARGREAVES, INDUSTRIAL STAFF

BRITISH RAIL is hoping that to-day will see the first trouble-free day for its week-old newly electrified service between Moorgate, Hertford North and Welwyn Garden City.

Last week there were several cancellations every day as power-assisted doors jammed and safety devices issued false alarms, causing delays, disruptions to timetables and hence cancellations

On Saturday, British Rail was offering apologies rather than excuses, although it is convinced that passengers will soon enjoy the benefits of a faster, more comfortable and more frequent service—part of the Northern Electrificat be completed next au

British Rail believ the problems have be

Plessey wi £1m. orde

AN ORDER valued a £1m. has been wor Defence Ministry Avionics and Com *for the supply of* developed PTR 175 borne communicati ment and associated use in British Army

entrepreneur. āntr' prənö r.n. One who undertakes an enterprise; one who owns and manages a business, a person who takes the risk of profit or loss.

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HOME NEWS

Price curbs and profits squeeze worry bakers

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE BAKERS are likely to tell Mr. Roy Hattersley, the Prices Secretary, this week that any ideas he might have about making them absorb cost increases in their profits could seriously damage the industry.

They may suggest that if he wants to act on the price of bread, he would do better to tackle it at the retail end.

Some members of the Bakers' Federation may also warn him of what they see as the serious consequences of removing the present limitation on the size of discount which bakers can offer their retail customer.

The industry has been alarmed by reports that Mr. Hattersley regards bread as a possible area where he could take short-term action on prices.

Among the ideas which have been floated by the Department of Prices is that when the 1½p subsidy on a loaf is reduced, the present maximum price should be maintained.

Another idea is that the maximum prices should not be changed even if, as expected, the bakers get the Price Commission's go-ahead for another ½p a loaf increase on November 29.

Either way, it seems, the bakers would have to absorb some extra costs, while there is also concern among some bakers that if Mr. Hattersley were to accept retailers' arguments about the present control on discounts keeping bread prices unnecessarily high, a destructive price war would break out in the industry.

The bakers will tell Mr. Hattersley this week that in no way could the industry absorb even this month's expected increase —which is based on wage increases already agreed with the unions—let alone any reduction in the present subsidy.

Impractical

They will point out that on average, the industry only makes ½p on every loaf it sells and that, such is the state of the big bakers, they all operate under the safety net clauses of the Price Code which are aimed at helping companies making low profits.

They will also probably draw his attention to the fact that while some of the bigger bakers seem to be doing relatively well — Associated British Foods recently reported improved profits—others, such as Spillers, are in a much weaker position in their bread-making business.

Moreover, in such a price competitive industry as bread, it would be impractical to try to peg just the profitable manufacturers' prices as competition would force other producers to charge the same prices even if this meant incurring losses.

In an attempt to deflect Mr. Hattersley's energies away from the manufacturing side, the bakers may suggest he should tackle the retail end of bread distribution.

At present, there is a limit on the level of discounts the bakers can offer retailers. This is part of the bread subsidy arrangements and some of the bakers are worried about what will happen to discounts when the subsidy comes off.

Some would like a continued limitation on discounts, coupled with, perhaps, a maximum limit on the gross margins retailers can charge on bread.

But the industry is not united on this point and some of the bakers would prefer to be able to operate without the limitations on discounts, while Mr. Hattersley may well be attracted by the claims of some of the big supermarkets that the control on discounts is keeping prices artificially high.

Manx electors may cut strings of Common Purse

BY DAVID NORTH

VOTERS of the Isle of Man's 60,000 population go to the polls on Thursday to elect the 24 members of the House of Keys to Tynwald, the oldest continuous Parliament in the world, for a fixed five-year term.

There is no party system and most of the record total of 71 candidates are independent.

There are two official parties with candidates — the Manx Labour Party, which had four Members of the House of Keys (MHK) in the previous House, and Mec Vannin, the Manx Nationalist Party, which this time has 10 candidates but has still to win a seat.

Most of the candidates have their own manifesto. There is no Chief Minister and the 24 successful candidates, whose pay has recently gone up to £2,500 a year, have often been referred to as 24 separate governments.

The result of a vote in the House of Keys can seldom be taken for granted, which is why it has been called one of the few remaining true democracies.

The election, taking place amid concern over the state of the Manx economy, has all the indications of producing surprises, but the percentage polled will be the deciding factor. For the first time local bookmakers are betting on the results and are reported to be taking more money on the election than on horses.

Awareness

The shortest odds — 8—1 on —are for the re-election of the Speaker of the House, Mr. Charles Kerruish, who is standing again in the Garff constituency. The odds may be short but, as local politicians will confirm, you do not take anything for granted in Manx politics.

Observers believe that the political awareness among the Manx public has not been stirred to the present extent for several elections. However, the Manx electorate is not noted for wanting radical changes or for making them.

Traditionally, voters mark their cross for an individual. Many will not support a candidate they have not met personally. Canvassing, particularly in the rural areas, is a personal crusade. Candidates who depute others to do their electioneering lose votes.

And those who are elected but fail to stick to their promises swiftly lose support. There can be no sitting on the fence; MHKs are too close to their constituents.

Some strange results have been produced by the archaic system of representation in the past and this time will probably be no exception.

The voting system is a relic of the past. Only in three out of the 13 constituencies are voters asked to make a single choice.

There are eight constituencies with two votes and two constituencies with three votes per elector. In the latter, voters are thought to have fixed ideas as to their first and second choice but their third cross can produce the freak result.

As usual there is a wide range of candidates. There are farmers accountants and local business men.

The main issue of the election is the 85-year-old Common Purse agreement with the U.K. A recent timorous report, commissioned by the Manx Government, recommended that the Isle of Man should drop the agreement whereby it receives a share of VAT and excise duties collected by the U.K. Government.

Over 50 per cent. of the candidates appear to favour changing the arrangement, and it is mainly those seeking re-election who are for continuing the present set-up.

The Isle of Man manages its own finances and passes its own laws. The Queen, represented by Sir John Paul, the Lieutenant-Governor, is the Lord of Man, but Whitehall, through the Privy Council, has ultimate control.

Constitutionally, the island wants to develop a greater degree of autonomy. Whether this can be achieved without dropping the Common Purse agreement is unanswerable at this stage. It will be Whitehall's attitude and the island's as yet unknown demands which will be vital to any new agreement.

Referendum

To say that the general public is confused by all the figures and the arguments for and against the Common Purse would be an understatement. There are five local weekly newspapers, and together with Britain's first commercial radio station—Manx Radio—there is no lack of debate on the subject.

A likely eventual outcome is a referendum similar to that held on the Common Market in the U.K.

For the present, the main task of the new Manx Government will be to tackle unemployment on the island. For several years unemployment has been virtually unknown but has risen rapidly and is now expected to be over 1,000 by the end of this year.

Whether or not there are any major changes in the House of Keys, the new Manx Government still has to accept that for the time being it is to a large extent economically tied to its ailing supply ship, the United Kingdom.

Fairy gold 'created by Healey'

THE Chancellor has used deficit financing to create fairy gold, Mr. Jan Hildreth, director-general of the Institute of Directors says.

In Director magazine, published to-day, Mr. Hildreth adds that Britain's national problem is "giving 120 money tokens said to be worth 120 units of goods and services for every 100 units of goods and services our wealth creators actually produce."

He says of Mr. Denis Healey: "Unfortunately, his magic wand does not run to producing the goods and services to match.

"His fairy gold has to be paid for in the real world."

Mr. Hildreth urges elimination of deficit financing and gives a warning that the level of taxation in Britain is self-defeating and the country will tolerate no more.

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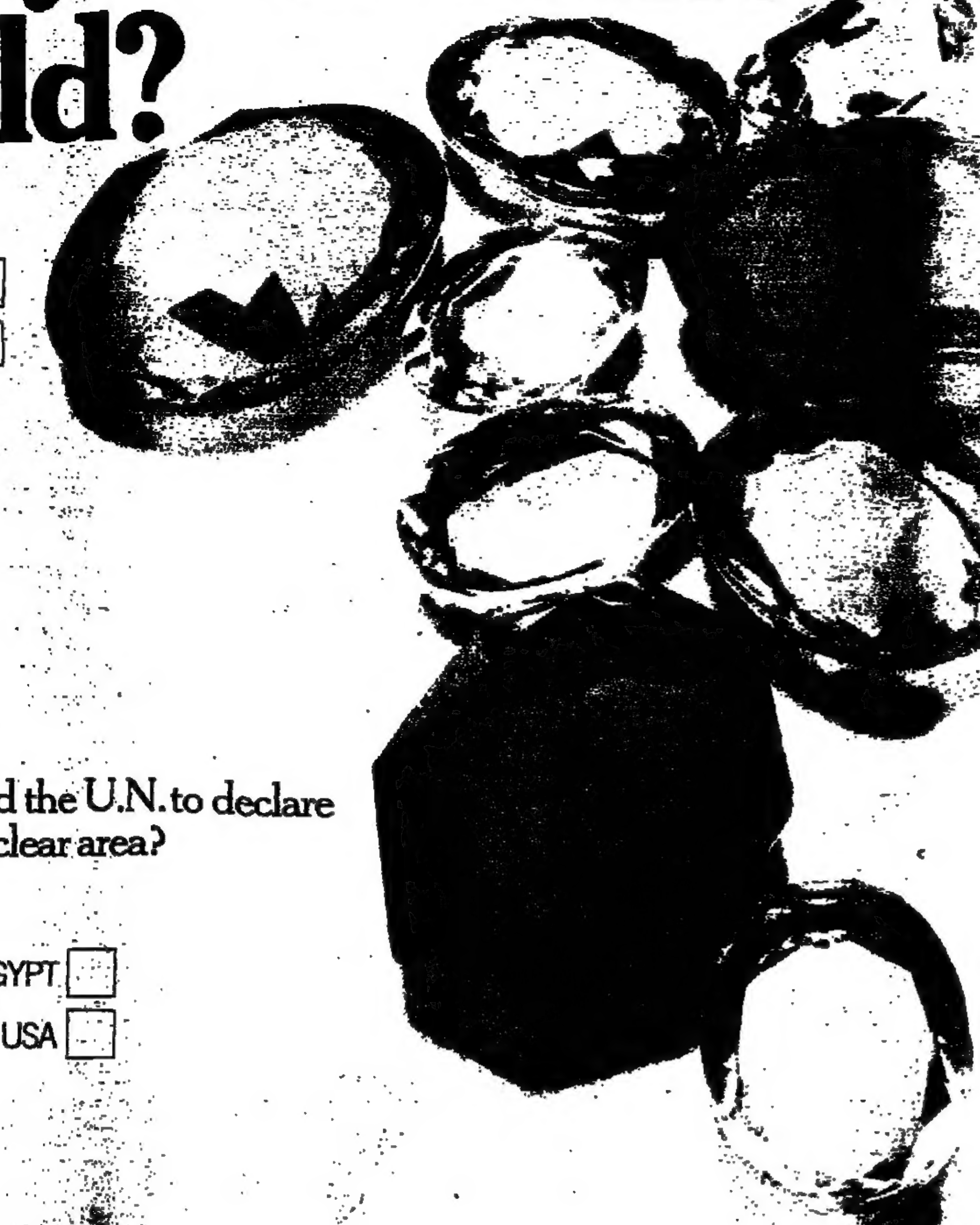
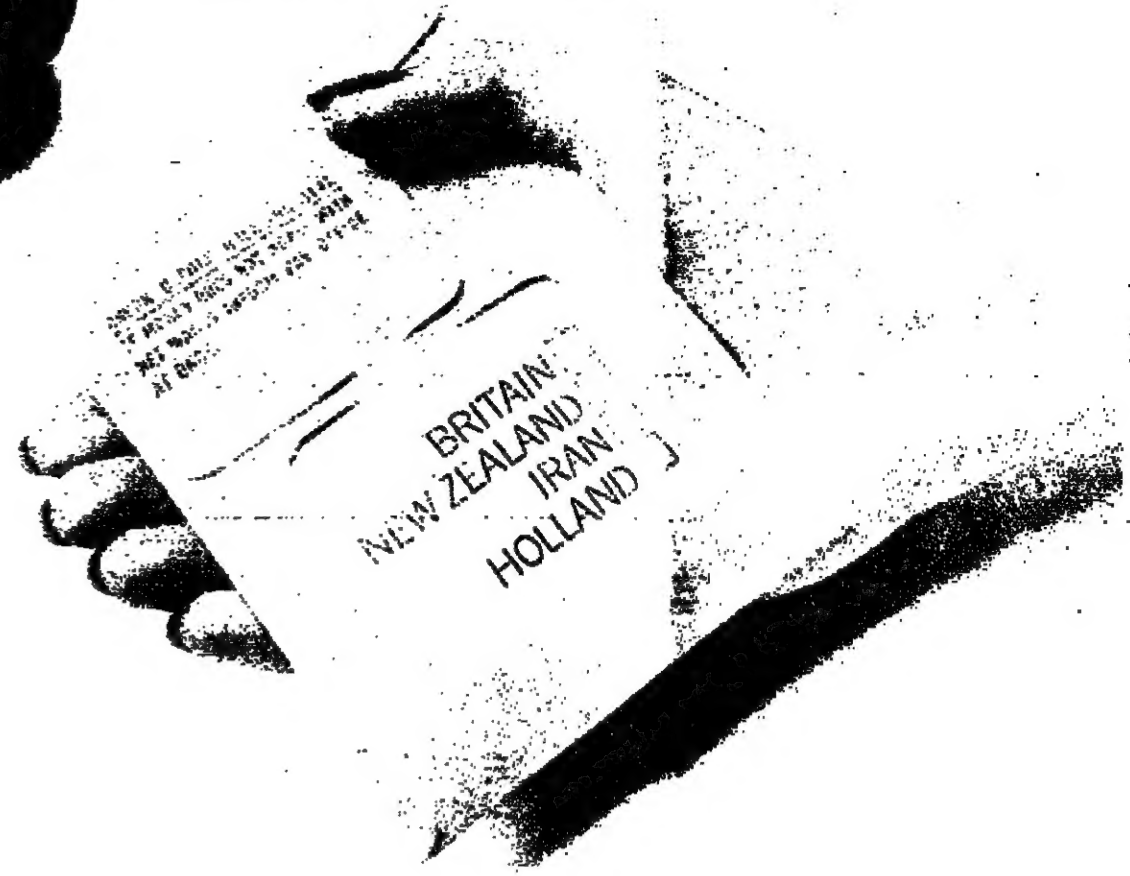
Common

Guess which country backs 75% of its ırrency with something more precious ıan gold?



ITH AFRICA ☐ CHINA ☐
RUSSIA ☐ IRAN ☐

In which of these countries have women enjoyed equality of pay the longest?

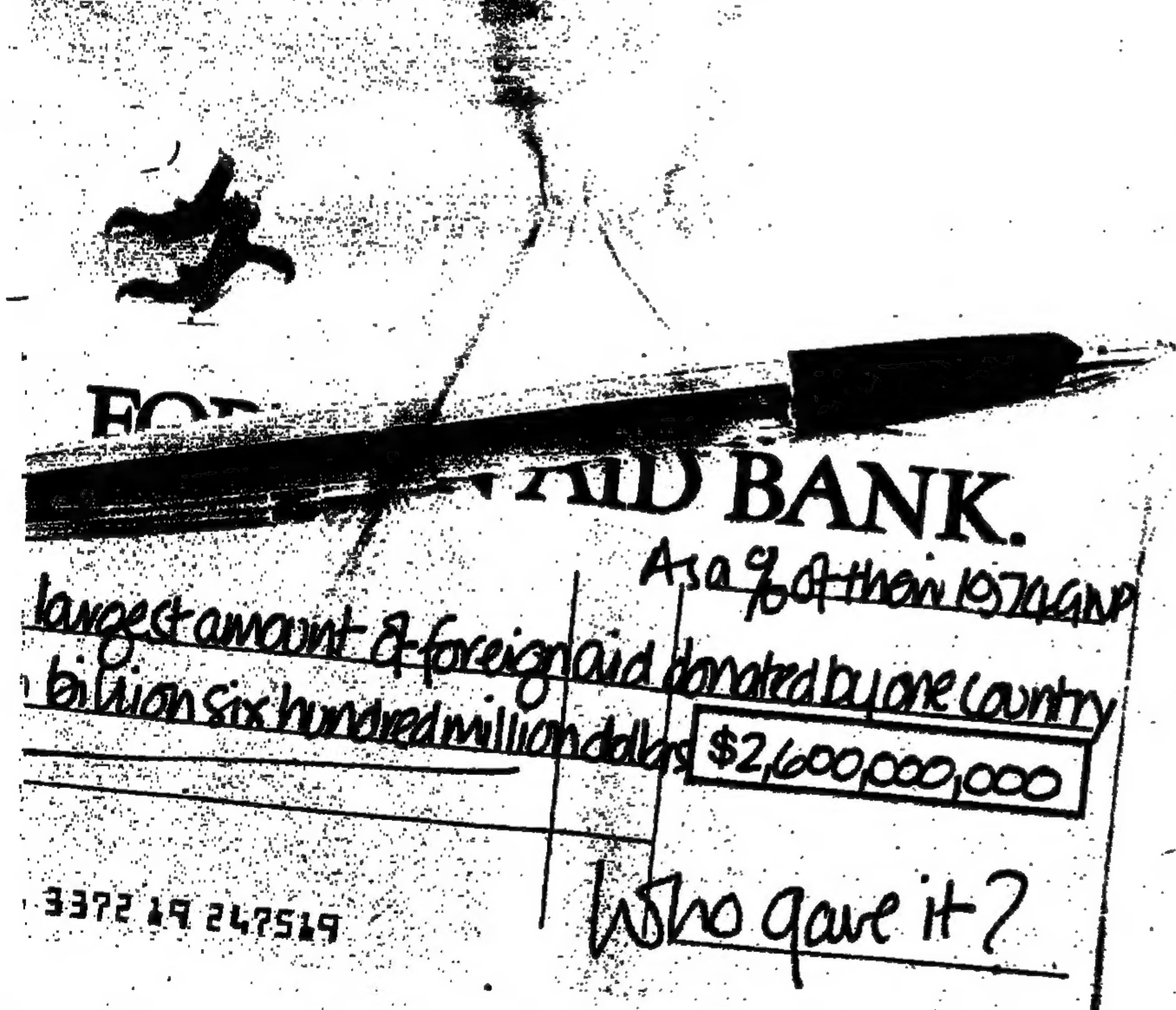


Which country urged the U.N. to declare Middle East a non-nuclear area?

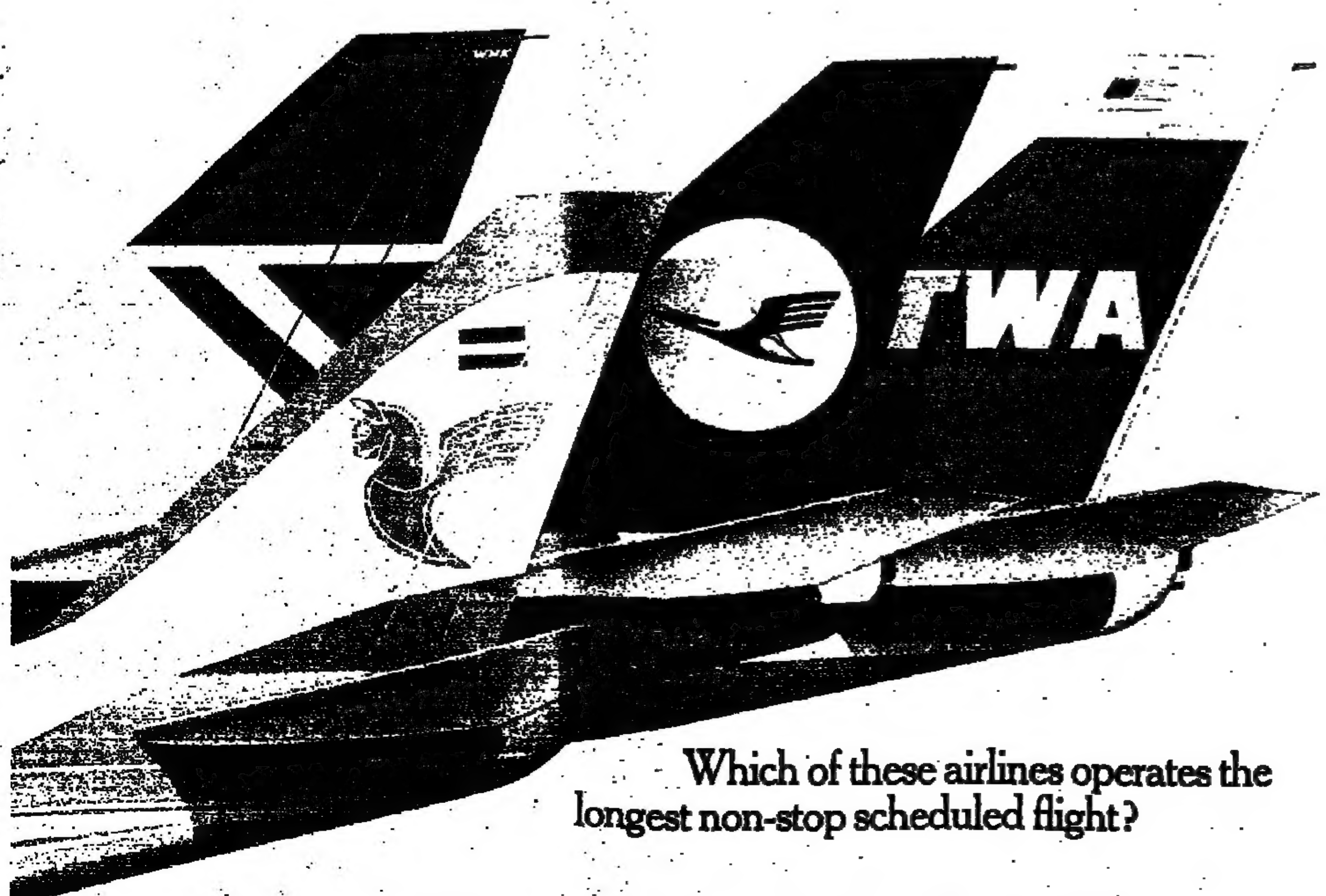
BRITAIN ☐ EGYPT ☐
IRAN ☐ USA ☐

Only one country in the world has legislated that private manufacturing companies offer 49% of their shares to employees. Name it.

SWEDEN ☐ ITALY ☐ CZECHOSLOVAKIA ☐ IRAN ☐



USA ☐ RUSSIA ☐ IRAN ☐ FRANCE ☐



Which of these airlines operates the longest non-stop scheduled flight?

BRITISH AIRWAYS ☐ IRAN AIR ☐ LUFTHANSA ☐ TWA ☐

Iran. Iran. Iran. Iran. Iran. And Iran Air. They're the answers. They really are. And if you got them right, well done.

Now we'll tell you the purpose of the quiz.

We believe that an airline is only as great as its country of origin.

So that by telling you about Iran, her potential and resources, and how they're put to use, we tell you more about Iran Air than if we just promised tastier food and prettier girls to serve it.

Not that we don't serve the most delicious food. We do. Some of it's Persian and made from recipes thousands of years old. But all of it's fresh on every flight.

And it's not as if you won't find pretty girls on our planes, either. You will. From France, Germany and England as well as from Iran.

What's more you'll find them on flights to twenty-seven major cities throughout the world.

Including the only non-stop service between New York and Tehran.

A distance of over 6,200 miles covered with ease by our new 747SP. The 'Special Performer' Jumbo.

It flies a mile above normal air routes. A mile above the bad weather.

Making it the most comfortable plane in the air.

And that's not pie in the sky. It's a fact. Like everything else on this page.

IRAN AIR
The world's fastest growing airline.

R ALL BOEING FLEET FLIES TO: NEW YORK, LONDON, PARIS, FRANKFURT, VIENNA, GENEVA, ZURICH, ROME, MOSCOW, ATHENS, ISTANBUL, CAIRO, TEHRAN, ABADAN, BAGHDAD, KUWAIT, JEDDAH, BAHRAIN, ABU DHABI, DHAHRAN, DOHA, MUSCAT, KABUL, KARACHI, BOMBAY, PEKING, TOKYO. ALSO SALES OFFICES IN GLASGOW, MILAN, HAMBURG, LOS ANGELES AND HOUSTON.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMMUNICATIONS

Internal network saves money

ONLY BRITISH supplier of message switching equipment to the industrial and business markets, Computer and Systems Engineering—CASE—is thought to have captured some 30 per cent. of available business with its MSX, even though this equipment has been on the market for only 15 months.

Latest success is with Associated Engineering which has placed a £300,000 order for a message switching and terminal complex which will initially serve some three companies in the group.

Glacier Metal, Wellworthy and A. E. Edmunds Walker are the three, the latter being the largest user. It has plans to equip all 140 branches with a Case supplied teleprinter and circuit leased from the P.O. into the central MSX. Communications within the company will then be transferred from the telephone system to the private network which will be available 24 hours a day.

The decision came as result of a survey of the telephone traffic internal to the company which found that some 40 per cent. of total calls came within this category. But the saving of 40 per cent. of the telephone bill is not the only benefit to accrue.

Case has set up a rigorous system of priorities within the group so that urgent and important messages from senior staff are not held up by trivia. At the same time, most of the internal correspondence can be routed through the system in a matter of seconds rather than days and a record can be kept of all message deliveries.

Broadcasting a general memo to all branches is automatic with obvious savings in postage, copying charges and time.

Other customers for this type of equipment include Standard and Chartered Bank, NCR and BAC and judged by the level of interest, the company expects that it will considerably increase its market share in 1977 from the current 30 per cent. level.

Case is at Woodcock Hill Estate, Harefield Road, Rickmansworth, Herts., WD3 1PL. Rickmansworth 76699.

● PROCESSES

Stainless steel needle valve

LIQUIDS AND gases at pressures up to 6,000 psi can be controlled with a stainless steel needle shut-off valve introduced by Unit Controls, Stockport, Cheshire (061-430 5207).

The valve body is a one-piece investment casting in 316 stainless steel. PTFE is used for the pressure-compensating self-adjusting spindle seal. The spindle is of a non-rotating rise-and-fall design.

Two port sizes, ¼ and ½ inch NPT, are available, and the maximum operating temperature for the valve is 240 degrees C.

● COMPUTING

Machine can ask to be taught

TO BE launched in the U.K. at COMPEC later this month is ADAM, a small business system designed and built by the Logical Machine Company in the San Francisco peninsula and described briefly on Technical Page earlier this year. The distributor will be the logical machine division of a company called CE Hammond.

ADAM has been surrounded by considerable publicity and controversy since its creation nearly three years ago. It is the work of a group of expatriate Englishmen who have placed themselves right at the heart of what is popularly called Silicon Valley, which allows them to keep up with technological change almost as it happens.

ADAM is currently a single operator small business system which consists of a 32K bytes store, micro comuter with a video data entry terminal and keyboard, a matrix printer (which can come in any one of four sizes) and a floppy disc system with a 10.6m. byte capacity. So far, pretty conventional, as is the price which on the U.S. market is not far short of $40,000, excluding the printer.

What makes ADAM controversial is that it differs in its approach to software and to programming: it does not have any of the first in the conventional sense, and it need not employ any of the practitioners of the second.

What the design team has done is to build a proprietary interpreter machine driver which contains plain language verbs. Those verbs are instructions to do things. The things they do, the results, are nouns.

So even a school child can understand it, and it has been used in some schools and they have found it easy.

Another difference with systems for the small business is that users do not have software written for it, or take the applications packages that the manufacturer offers. They can simply create their own.

Some quite sophisticated tricks have been employed to get ADAM to guide the would-be user through the routines he wants to run, and to enable him to specify them if not exactly in his own terminology, at least in a standard English terminology. The thing is also language independent: ADAM versions have also already been built which can be addressed in Japanese, Swedish and French, and there are more to come.

ADAM also has built-in routines which enable the user to add new verbs or commands to make the system perform new tasks besides the ones initially inserted. In each case the equipment guides the user through a definition process till the logical connections are built up.

Currently, ADAM just doesn't have a competitor. It is significant that in the rush to sign up distributors world wide, the Logical Machine Company should have been taken on by Shell Tech in Canada. It has long been known that some of the oil majors were wanting to get into the computing business if they could find the right medium (a case in point has been Unilever in the U.K.). It is obvious, however, that Shell expectations are quite high.

There are so far about 100 ADAM's in use: the company is developing more advanced versions (which, however, they say will still have the basic feature that they will be aimed at users rather than professionals) and is forecasting that it will sell at least 500 systems this year.

● POWER

Pinpoints sun panel performance

TO HELP potential buyers of solar heating equipment estimate the value of solar heating to their homes or plants, Commercial Solar Energy of Nottingham has commissioned a special computer program to produce figures quantifying the average annual useful solar energy available in the U.K.

The results of the program have enabled CSE to produce a table indicating the performance of its solar heating panels with far greater accuracy than before; essential data for the prospective buyer.

CSE's computer-based calculations are devised to correct for latitude, insolation, cloud cover and air and water temperatures. The calculations were verified by Dr. D. Fitzgerald of Leeds University, a researcher and lecturer in solar energy.

Availability of accurate performance figures for basic equipment makes it far easier for the viability of solar heating to be assessed in a given situation and for a solar heating system to be planned.

The table indicating the performance of a CSE panel is based on: a latitude of 50° north; insolation and air temperatures as the IHVE Guide (1970 edition); cloud cover as published by the Meteorological Office at the February, 1975 meeting of the U.K. section of the International Solar Energy Society; and forced water circulation through the panel.

Commercial Solar Energy, 16A Pelham Road, Nottingham NG5 1AP. 0602 601847.

● INSTRUMENTS

Saves time for the analyst

LOWER CONCENTRATIONS of trace elements than it is possible to analyse with conventional flame techniques can be found with electrothermal atomisation methods (often called "furnace" or "flameless").

These devices produce transient signals, which may be recorded on a chart recorder and the height or area of the signal is used for the analytical measurement. Pye Unicam has introduced the SP199 digital peak reader which electronically measures the height and area of a signal and displays the result, or automatically prints it together with the sample number.

The company says this facility can save the analyst time when setting up a test.

Details from Pye Unicam, York Street, Cambridge CB1 2PX (0223 58866).

● RESEARCH

Camera for aerial surveys

CARL ZEISS, Jena, GDR, has designed and built a multispectral camera in conjunction with scientists from the USSR and GDR. Its first application was in the recently completed flight of the Soviet spacecraft Soyuz 22.

During the 189 hours flying time more than 8,000 photographs were taken of territories in the USSR and GDR from a distance of 250 km. These photographs were complemented by shots taken at an altitude of 7,000 metres on a similar camera mounted in an aircraft.

Called the MKF-6, the camera incorporates six high resolution lenses for narrow band photography within the spectral range 0.4 to 1.1 micrometres. The bands used are two infra-reds, red, orange, green and blue.

Used in an aircraft, for example, the camera can cover areas of 14.4 x 14.4 km. from a height of 7,000 metres to produce maps with a scale of 1:200,000 or 1:5,000. From a spacecraft, it will reproduce on a 70mm film an area of 115 x 165 km. from a distance of 250 to 260 km.

The camera allows 1,000 shots per load and channel. All shutters are synchronised, and it is stated that the six black-and-white photographs can be exactly matched. Geometric distortions caused by the different wavelengths of light and the movement of the craft are electro-mechanically adjusted—camera rotations of up to 2 degs can be applied during exposure to compensate for the aircraft's speed.

Evaluation of the sets of six matching pictures involves a 4-channel projector. By using colour filters all grey levels can be converted to either genuine colour reproduction, or false colour reproduction for special applications.

The camera, which is made to order, is marketed in the U.K. by C. Z. Scientific Instruments, PO Box 43, 2, Elstree Way, Borehamwood, Herts. WD6 1NH (01-953 1688).

● WELDING

Easy-to-use transformer units

THREE NEW compact ac manual arc welding transformers have been added to the product range from BOC Arc Equipment, Dawson Road, Milton Keynes.

Transarc AC330, AC450 and AC650 units are built with a minimum of moving parts to ensure great reliability, low maintenance costs and long working life. A tough, drip-proof steel casing provides a high degree of protection in harsh working environments such as construction sites and shipyards.

Power output for the Transarc 330 is infinitely controlled by means of a top-mounted handle over a single output current range up to the maximum of 330A. A thermometer-style scale, set against a non-glare background, gives clear indication of current setting. The 450 and 650 units share these abilities but are also available with a remote current control as an optional extra. A pocket-sized control block puts current control at the welder's fingertips. It is simply placed between electrode and workpiece to raise or lower the welding current to the exact amount required. It has no knobs, switches or cables. Use of the remote current control can show worthwhile cost benefits by saving time and improving weld quality.

Further from the company on 01-748 2020.

● MATERIALS

Furniture range in plastics

COMMERCIAL AND domestic furniture, called the Kartell Collection, has been launched by GKN-Sankey. It is made from Monsanto Lustran antistatic ABS 240.

Designed in Italy by the Milan furniture manufacturer, Kartell, the range incorporates 12 items of furniture, in a choice of colours. It includes round and square tubs, stacking units, pedestal ashtrays, magazine racks and a trolley.

Monsanto says that GKN-Sankey selected Lustran 240 for a balance of properties including good gloss, rigidity, impact strength, and antistatic qualities, combined with the good flow properties needed for ease of manufacture.

Monsanto is on 01-222 5678 and GKN-Sankey on 0952 44321.

● PERIPHERALS

Graphics on a COM unit

DEVISED particularly with graphics reproduction in mind is the latest computer output on microfilm recorder (COM) from 3M. Beta COM 700 should prove valuable in the work of producing and updating technical manuals and is considerably cheaper than the nearest equivalent, 3M asserts.

This equipment works off-line and has its own minicomputer controller which enables the machine to accept standard data tapes from ICL, IBM, Honeywell, NCR and other machines. Typically it will generate lines, points, schematics, engineering drawings and bar sheets

Output can be in fiche of several formats, or 16mm or 35mm film either in cine or comic strip modes.

Further from 3M on 01-286 6044.

● METALWORKING

Saves time, eliminates finishing

TIME TAKEN to produce stainless steel turbine blades has been substantially reduced by electro-chemical machining (ECM) rather than traditional milling.

Produced for Stone Manganese Marine, the stainless steel rotors are in three sizes—410, 460 and 510 mm blade-to-blade diameters. Each rotor, which is machined from the solid, has two rows of blades at its periphery.

For the smallest diameter rotor, which has 55 blades in one row and 74 in the other, ECM takes 60 hours; the intermediate size (70 and 92 blades) takes 70 hours; and the largest (110 and 144 blades) takes 120 hours. Each blade row is machined in two steps. Maximum power consumption is 600 A, at 10 to 11V.

The work is carried out by Healy of Leicester, a TI machine division company—more information from 0203 75521.

Manually indexing a 510mm dia. steam turbine rotor blade during electro-chemical machining.

● HANDLING

Diesel fork lift for inside use

APPROVAL HAS been received from the Health and Safety Executive for the use indoors of Linde fork lift trucks powered by Deutz diesel engines using the pre-combustion principle. This reduces normal pollution levels in diesel exhaust by at least 50 per cent.

Usually diesel engined trucks are restricted to outdoor use, and only the electric truck is permitted under the Health and Safety at Work Act for permanent inside use.

First application of the Linde Deutz powered trucks to be approved by an HSE inspector is at Norwich Corrugated Board Co., where 4,000 lb capacity machines are used to handle paper rolls and stocks of corrugated sheets.

● CATERING

Deep freeze for meals

LIQUID nitrogen refrigeration which introduces a new concept in the preparation of cooked meals is being tested by the Metropolitan Borough of Rotherham, Yorkshire.

The system, manufactured by BOC and called Cryocell, uses liquid nitrogen to chill or freeze large batches of prepared food extremely rapidly. The Cryocell is a cabinet freezer which uses liquid nitrogen as the refrigerant. Food is placed on a trolley and wheeled into the cabinet, inside which liquid nitrogen at minus 196deg.C. is sprayed.

Use of liquid nitrogen gives a number of advantages to the caterer. Its very low temperature achieves rapid cooling which preserves the quality of the food more efficiently than air blast's slower methods, and provides sterile conditions.

The power of the refrigerant allows a high throughput with a relatively small freezer. Because it has no mechanical parts, Cryocell is simple to operate and needs little maintenance.

Rotherham has interests in a wide cross section of catering establishments, such as restaurants, cafes and public halls. It has the second largest civic catering organisation in the country, and also handles some of the catering for neighbouring authorities.

Expansion in catering has led the Borough of Rotherham to consider producing meals in a planned central production kitchen which will have a capacity of 10,000 meals a day.

BOC, Hammersmith House, London W6 9DX. 01-748 2020.

Food plant hygiene

STRICTER hygiene regulations in all sectors of the food and beverage industries dictate the need for effective and lasting fungicidal treatment for walls and ceilings.

Available from Liquid Plastics of Preston, Lancashire (Preston 59781) is Steridex, a fungistatic plastics membrane that can "breathe" but is impervious to water.

Conventional finishes are subjetc to cracking through either substrate movement or hardening of the paint film. When moisture and organic materials, both of which are to be found in abundance in the food and beverage industries, penetrate cracks, mould growth can become widespread. This lead not only to a further and more drastic deterioration in the surface finish, but also presents a serious health hazard.

It has in the past been a common practice to use either mercurial or other toxic fungicides in an effort to control such growths. Unfortunately, however, these tend to evaporate or leach out under warm and humid conditions, leading to a possible contamination hazard. Steridex eliminates one of the traditional areas of failure in conventional fungicidal coatings.

Steridex is applied by brush or spray equipment and forms a stainless, elastic skin eight times thicker than paint that bridges hairline cracks and stretches with thermal and structural movement of the substrate.

● COMPONENTS

Suction fan is powered by air

FOR USE in explosive atmospheres, or anywhere where a spark would be dangerous, a fan unit powered by a 3 hp air motor has been developed by John MacDonald and Co., College Milton, East Kilbride, Glasgow G74 5LS (03552 21215).

Used either to supply fresh air or to extract dust and fumes, the unit weighs 50 lb. and can move 2,000 cfm (fresh air) at 8 inch water gauge suction pressure.

Each fan is supplied with four 30-foot lengths of 4-inch flexible ducting (for example, to serve four welders); unused ducts can be blanked off to economise on power.

Compressed air requirements for the unit, called the Maxtract-air, are 83 cfm at 86 psi. The air motor drives an aluminium alloy 12 inch diameter paddle blade impeller.

Positioners for welding

ROTA-WELD is the name of a company formed to make and sell a range of welding rotators, positioners, columns and booms. All are to new designs, and are stated to conform to the most stringent safety regulations.

Rotator sets, both conventional and self-adjusting, will be offered up to 100 tons capacity, positioners from 1 cwt to 10 tons capacity; columns and booms up to 15 feet lift and traverse; and industrial turntables from 100 lb. to 25 tons capacity.

The company, a subsidiary of J. Caslake, is still appointing sales agents for some areas of the U.K. and Europe, and says it will undertake design and manufacture of special purpose welding machines. It is based at Simplex Works, Elstow Road, Bedford MK42 9LG (0234 62642).

● By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.

CONTRACTS AND TENDERS

Building and Civil Engineering

...evention of floods in Hull

...UCTION of a tidal surge ...cross the River Humber ...on-upon-Hull is to start ...uary. The £2.68m. ... has been awarded to ...wson of Luton, Beds, by ... Water Authority.
...ed by Sir M. MacDonald ...iners, the barrier will ...of a 10.6 metres high ...te suspended between ...ow reinforced concrete ...s high towers on the ...ks.
...raised position the 30 ...ide gate will provide a ...tres clearance above ...h water spring tides.
...ped that the barrier will ...ecurrence of the flood... ...e city which happened ... The work is expected ...pleted early in 1979.

...ury flats ...ark Lane

... contract for the re... ...ent of Aldford House, ...ne, London W.1., has ...rded to Abercorn Con...

...rk involves complete ...tion of the interior of ...ding to provide 56 ...ats and three pent... ...e exterior of the block ...novated.
...n's associate company ...eating and Electrical ... is to undertake the ...and installation of ...l and electrical ser... ...cost of £250,000.
...ts are Michael R. ...and Associates of

...homes ...old

...SATION, conversion ...uction work in four ...roughs will bring in ...n. for Wates Special ...nder contracts just

Southwark is spending £700,000 on alterations to 50 Victorian houses to turn them into 100 new homes, extending the useful lives of the structures by an estimated 30 years.

Similar work worth £690,000 is to be undertaken for Hillingdon while Hammersmith's involvement in this type of job is put at £170,000.

New building for Hackney covers the construction of a block of eight flats for the elderly, to cost about £133,000.

Homes for TV studio staff

THE MAIN contract for construction of two blocks of staff apartments at the television studios nearing completion in Dubai has been awarded to Al-Shirawi Contracting and Trading Company and is worth about £2m.

The studios, on which construction started in June, cover about 4,500 square metres and will cost about £1½m.

Consulting engineers are White Young and Partners, architects are Designers Co-partnership with International Broadcasting Consultants of Hong Kong as electronics consultants. Main contractor is Almulla Construction Company, a United Arab Emirates firm.

£2½m. plant at Milton Keynes

A £2½m. contract for a plastics processing factory for R. H. Cole at Milton Keynes has been awarded to Lees Smith (Contractors).

Ground works for the factory have just been completed by R. G. Carter and erection of 500 tons of steelwork, supplied by Modern Engineering, is expected to start on November 29.

Occupying about 10,000 square metres, the factory will be clad externally with plastics coated sheeting. The contract also calls for a number of circular aluminium silos for the storage of raw materials, concrete foundations for heavy machinery and the usual services.

The Mark Jennings Partnership is in the joint role of architect and project manager and is responsible for the whole scheme which is due for completion in November next year.

Houses and flats at Whitley Bay

WITHIN THE next week or two a new housing scheme is expected to begin at Cullercoats, near Whitley Bay, Tyne and Wear.

The 107 dwellings will form phase two of the Cullercoats redevelopment plan being undertaken by North Tyneside Metropolitan Borough Council; they are to be built by John Laing Construction under a contract worth over £1m.

The development, at Front Street, Cullercoats, will comprise a mixture of houses and flats, a shop, 14 garages and parking spaces for 109 cars.

Architects are Clifford Culpin and Partners (North), and quantity surveyors are Gardiner and Theobald.

£¼m. plant order

BSP INTERNATIONAL Foundations has signed a £260,000 contract with Balfour Beatty Construction for the supply of three 80CA Terradrills, two T25 Trencha Rigs and two bentonite plants, together with grabs and spares.

Balfour Beatty is a member of the Mina Jebel Ali Construction Joint Venture and the equipment will be used in the construction of the foundations of a harbour complex near Jebel Ali, Dubai, United Arab Emirates.

Factory job for Lesser

LESSER CONSTRUCTION has been awarded a contract worth £520,000 for the design and construction of a production building in South-East London for Molins. The development will be adjacent to the company's present headquarters in Evelyn Street, S.E.8.

The building is to be clad with dark blue facing bricks to a height of 3 metres and above this, a 2-metre strip of patent glazing will separate the profile colour-coated steel cladding of the upper part of the walls and roof. Access will be by means of electrically-operated sliding/folding doors. Completion is expected in January.

Drainage and road works

SCOTT HALE Contractors has been awarded two civil engineering contracts totalling £724,000. For Milton Keynes Development Corporation it is to undertake a £378,000 project for roads and sewers in the Heelands area.

This work consists of the construction of 8,400 square metres of carriageway and 5,080 metres of drainage. Work is expected to begin in December or early January.

The second contract is for the London Borough of Havering and is valued at £346,000 and is for the widening and culverting of the River Rom for a length of 800 metres between High Street, Romford, and Cedar Road.

Sonar can ignore bad weather

UNDERWATER SURVEYS can be carried out in weather hitherto considered impossible with new sonar equipment which will smoother out wave motion.

UDI of Aberdeen has developed the equipment, easily installed in most underwater assemblies. It measures the rise and fall through the water of transducers used in bathymetric, shallow seismic and pipeline surveys and will process this information to eliminate from the records all movement vertically.

A result of experience from designing and making high accuracy profiling equipment in use on submersibles, the wave eliminator will help operators to achieve clear survey records in practically any sea conditions and reduce survey vessel downtime and thus operating costs.

UDI operates from 0224 703551 and 01-488 2400.

£3¼m. task for Costain

COSTAIN has just begun a £3¼m. contract at London Heathrow Airport to improve passenger handling facilities.

The contract calls for the widening and extension of Pier 5 plus construction of five gate rooms to serve Terminal Three. About 170 metres of the pier is to be widened from six to 12 metres to accommodate passenger conveyors and it will also be lengthened by 160 metres.

The five gate rooms will be 50 by 10 metres and they will be steel-framed with pre-cast concrete floor units and lightweight concrete, roof and wall units.

Pier widening and the first three gate rooms are due for completion on April 1, 1978 and the other two on July 1 in the same year.

The work is under the supervision of British Airports Authority engineering director D. M. King with Frederick Gibberd and Partners as architects and G. H. Buckle and Partners as consulting engineers.

£2m. awards to Miller Buckley

CONTRACTS WORTH over £2m. have been awarded to Miller Buckley Construction of Rugby.

However, the largest, an £600,000 office block in Hammersmith, London, is to be constructed for Miller Buckley's own development company, while another group development accounts for a further £250,000 in respect of a warehouse at Stoke-on-Trent.

Other contracts include two for the Property Services Agency for extensions to London Telephone exchanges—one at Putney costing £396,000 and the other, valued at £200,000, in Edgware.

Miller Buckley's associate company, Car Parking, has just started work on a £230,000 multi-storey car park for British Rail at Plymouth Station, scheduled for completion in June next year.

Encouraging the use of bricks

AN AWARD scheme has been established by The Brick Development Association in cooperation with the Royal Institute of British Architects to recognise works of merit demonstrating the best use of brickwork in the U.K.

The Award will be made every two years starting in 1977 and is open to four categories:

1—Housing, including single houses, housing schemes and hostels.
2—Non-housing.
3—Hard landscape.
4—Decorative brickwork including sculpture.

The Award will be made for the best, overall entry from any category and a plaque will be presented to the building owner for fixing to the winning project. Certificates of Merit may also be awarded. The judges will consist of two architect assessors nominated by the president of the RIBA and one other appointed by the BDA.

Projects entered for the 1977 Award must have been completed during the previous three years and entries should be submitted by January, 1977. Details and entry forms from The Brick Development Association, 19 Grafton Street, London W1X 3LE (01-409 1021).

Pollution control equipment

ORDERS worth about £5m. have just been received by the pollution control division of the Babcock and Wilcox Group.

Largest of these was won by group member Ames Costa of Heywood, Lancs., which is to supply equipment worth over £2m. for the Slowhill Copse sewage treatment works of the Southern Water Authority. This involves provision of treatment and pumping plant as well as the entire electrical installation.

Ames Costa has also received orders from the Singapore authorities for dewatering and filter-pressing equipment for the Kranji sewage treatment works, as well as aeration and dewatering plant for the Bedok treatment works. Together, these are worth about £1½m.

Another Babcock company, Babcock Water Treatment of Mitcham, Surrey, has secured a £600,000 order for equipment destined to take raw water from the Benue River in Nigeria and purify it.

Other recent BWT overseas contracts include a £750,000 water treatment plant for Iraq, and a £250,000 water supply scheme for Saudi Arabia.

In the U.K., BWT is pioneering a technique in its £260,000 contract for the Bewl Bridge water supply scheme. This will employ a process evolved by the Government Water Research Centre at Medmenham, which has been developed for commercial application by BWT.

£3m. steel framed buildings

A CONTRACT for steel-framed buildings worth over £3m. has been awarded to Conder Exports by the Iraqi Government.

The contract is for 16 animal feedstuffs stores next to feed mills being built at 13 different sites in Iraq. Two types of Conder steel frame buildings are being used for the stores: single span buildings, 30 metres wide by 65 metres long and double span buildings 60 metres wide by 65 metres long.

As well as being fitted with sliding doors, natural and mechanical ventilators, other features included in the specification are fire alarms, fire-fighting equipment and lighting.

Conder, of Winchester, Hampshire, is also acting as project manager using a local contractor for erection and civil engineering works.

IN BRIEF

● Fire damaged offices and a showroom at Maddox Street in London are to be rebuilt for Zurphil Investment Incorporated by John Willmott (London) a £126,000 contract which will take ten months to complete.

● Y. J. Lovell (Midland) has been awarded a £510,836 contract by Junalor for the erection of a supermarket at Heapham Road, Gainsborough. Lines for occupation by International Stores.

LABOUR NEWS

£176m. Tyneside Metro blacking to continue

BY ALAN PIKE, LABOUR STAFF

BLACKING of work in connection with the £176m. Tyneside Metro will continue this week in spite of the intervention of the TUC and growing fears about the future of the project.

Members of the rail unions began blacking the transport system, due for completion in 1980, in a disagreement with the Transport and General Workers Union over who should drive the new trains.

Blacking has now been called off except by members of the footplate union, the Associated Society of Locomotive Engineers and Firemen.

ASLEF members on Tyneside are resisting a claim by the TGWU that some of the driving jobs should go to its members—the new system will reduce the number of TGWU busmen in the area.

At a meeting between the three rail unions and the TGWU last week, chaired by Mr. Len Murray, general secretary of the TUC, it was agreed to convey to all members on Tyneside "as a matter of urgency" a recommendation from Mr Murray that normal working should continue pending further discussions on trade union membership and representation.

However, the ASLEF executive which met after the TUC meeting, did not add its own instruction that the unofficial blacking should end and it is very doubtful whether the union's Tyneside members would heed such a call.

Manning

Mr John Bainbridge, secretary of the local ASLEF branch, said: "The executive council did not put the blacking on. As far as we are concerned the blacking will remain until we get some sort of satisfaction on the manning of the Metro"

Mr. William Rodgers, the Secretary for Transport, has been in touch with the unions about the situation and there is a feeling on Tyneside that the manning dispute might increase the chances of the Metro becoming a target for new expenditure cuts.

Mr. D. D. ffrench, director of the British Constructional Steelwork Association, stated that he was "appalled with the idea that any project of this nature could be cancelled having reached such a stage in its fulfilment."

He said that in terms of cost saving "little overall benefit" was likely to be achieved by abandoning the Metro.

Cancellation of a bridge construction project in which two association members were involved could equal the original cost of construction and would mean redundancy for large numbers of skilled craftsmen in areas already badly affected by unemployment.

'Work done on time' promise to HiFab

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE FOUR trade unions represented at Highlands Fabricators, the steel fabricating group based at Nigg Bay in Scotland, have given a written guarantee that future customers can be sure that work will be completed on time.

This is part of the unions' contribution to the company's efforts to diversify operations away from the oil platform business.

HiFab, owned by Brown and Root of the U.S. and Wimpey of the U.K., needs alternative work to tide it over from April next year—when the Ninian platform at present under construction is scheduled to be floated out—until the next round of platform ordering begins, probably late next year.

Shop stewards convener, Mr. Rab Wilson, says the unions "fully support everything the company is doing to bring new work to the yard."

Scargill hints at strike

BY OUR OWN CORRESPONDENT

THE MINERS will have to strike or seriously threaten a strike before the National Coal Board and the Government concede early retirement claims, Mr. Arthur Scargill, Yorkshire NUM president, said yesterday.

"But if there is commonsense on the part of both the Board and the Government, this matter could be resolved peaceably."

To-day, Mr. Scargill will report to his area council details of the unsuccessful Yorkshire attempts at last week's meeting of the union's national executive to get a pithead ballot on the early retirement claim and industrial action.

The reaction of the Yorkshire delegates is likely to be hostile.

Mr Scargill said that he was convinced that if the union was to stand by its annual conference decision to get early retirement, the NUM would have to "fight for it."

Cuts demo attracts support

By Our Labour Staff

OPPOSITION to public expenditure cuts is expected to attract many thousands of trade unionists and others to a rally and lobby of MPs in London on Wednesday.

The demonstration, originally sponsored by public sector unions and the National Union of Students, has attracted support from many other bodies. Prominent among these, to the embarrassment of the Government, is the Labour Party national executive.

Organisers have been working hard to ensure a big turnout and this seems certain to be achieved, although the original issue of expenditure cuts will be broadened by some demonstrators into an overall attack on the Government's economic policies.

While organisers of the demonstration can maintain that they are acting within declared congress policy by protesting against the cuts, the TUC at official level has not become involved in what could be viewed as a rally attacking the Government.

APPOINTMENTS

GKN engineering and building reorganisation

From January 1 GKN Engineering and GKN Building Supplies and Services subsidiary groups will be combined to form GKN ENGINEERING AND CONSTRUCTION SERVICES, with headquarters at Redditch.

The new sub-group will comprise three operating divisions: engineering division, (welding and plastics machinery companies); construction services division, (foundations, scaffolding and other service companies); and a contracting division.

Members of the Board of the new sub group will be: Mr. R. E. J. Roberts, chairman and chief executive; Mr. G. R. Blake, deputy chairman and managing director, construction services division; Mr. G. B. Newby, managing director, engineering division; Mr. G. L. W. Fryer, managing director, contracting division; Mr. A. G. Cox, director and controller; Mr. L. F. Goodhand, director of personnel; Mr. H. W. Lovell, director of operations and administration; and Dr. A. F. Walker, director of planning. Line managing directors are Mr. G. Blythe (welding), Mr. P. C. Windsor (plastics machinery), Mr. P. D. Brown (foundations), and Mr. W. D. Orwin (building services). Secretary of the company will be Mr. A. G. Cox.

★

Mr. David R. Fairbairn has been appointed director of marketing of the medical electronics operations of EMI.

★

Sir John Clark, chairman and chief executive of the Plessey Company, and Mr. James Ritchie, a managing director of Inchcape and Co. have been appointed to the Board of BANQUE NATIONALE DE PARIS, the U.K. subsidiary of the BNP Group.

★

Mr. Charles Troughton, who is to retire from the chairmanship of the W. H. Smith and Son (Holdings) in January, has been elected to succeed Lord Ballantrae as chairman of the BRITISH COUNCIL on January 1.

★

Mr. J. R. Steele has been appointed a deputy secretary in the DEPARTMENT OF TRADE. He will succeed Mr. P. S. Preston who is taking the place of Sir Richard King as Permanent Secretary to the Ministry of Overseas Development.

★

Professor W. J. H. Butterfield, Professor A. R. Currie and Professor I. M. Glynn have been appointed members of the MEDICAL RESEARCH COUNCIL.

★

Mr. Roger Pemberton has been appointed head of external relations to the TRIDENT TELEVISION GROUP.

★

Following his resignation last month as an executive director of BERRY WIGGINS and the managing director of KCA Drilling, Mr. L. L. Johnson has resigned as a non-executive director of Berry Wiggins.

★

With the recent retirement from the Board of WESTMINSTER SCAFFOLDING of Mr. J. D. Marjoram as chairman and managing director, the Minter Group has sold that company to London Demolition. Mr. A. R. Salt has been appointed managing director and the company have moved to new offices in Hounslow, Middlesex.

★

Mr. W. M. A. Carroll has joined the Board of GLENGATE PROPERTIES as financial director. He was formerly chief financial controller with Reamhurst Properties Group.

★

Mr. T. Gold-Blyth has been appointed a director of Argus Press Holdings and Argus Press, members of the BET GROUP.

★

Mr. Brian M. Gordon has been appointed managing director of OSBORN STEEL EXTRUSIONS, a subsidiary of Samuel Osborn and Co. He was previously with Cowlishaw Walker and Co. Mr. R. A. Williamson will relinquish his part-time duties at Osborn Steel Extrusions to devote more time to group matters, but will remain on that Board.

Businessman's Diar

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Caravan and Camping Holiday Show (cl. Nov. 21)	Earls Court
Current	Kitchen and Bathroom Show (cl. Nov. 21)	Olympia
To-day	Graphic Design and Drafting Exbn. (cl. Nov. 17)	London Hilton, W.1
To-day	SEMDEX Exbn. and Symposium (cl. Nov. 19)	Great Barr, Birmin
To-day	Public Works Exhibition (cl. Nov. 20)	Nat. Exbn. Centr
To-day	Environmental Pollution Control (cl. Nov. 20)	Nat. Exbn. Centre,
Nov. 21—24	Camping Trade Fair	Harrogate
Nov. 23—25	Computer Peripherals and Systems Exbn. and Conf.	Wembley Conf. Ce
Nov. 27—Dec. 5	Custom Car Show	Olympia
Nov. 30—Dec. 2	Electronic Displays Exhibition and Conf.	Mount Royal Hotel
Dec. 6—10	Royal Smithfield Show and Agric. Machinery Exbn.	Earls Court
Dec. 7—10	Offshore International Exhibition and Conference	Nat. Exbn. Centre.
Dec. 7—10	Unit Load Show	Wembley Conf. Ce

OVERSEAS TRADE FAIRS AND EXHIBITIO

Current	International Technical Fair (cl. Nov. 27)	Stockholm
Current	Int. Hotel and Restaurant Fair (cl. Nov. 18)	Dusseldorf
To-day	International Food Exhibition (cl. Nov. 20)	Paris
To-day	International Packaging Exhibition (cl. Nov. 20)	Paris
Nov. 19—21	Italian Footwear Fashion Fair	Florence
Nov. 20—23	International Optical Fair	Brussels
Nov. 23—26	Clothing Textiles Trade Fair	Frankfurt
Nov. 24—28	Electrical and Electronic Exhibition	Singapore
Nov. 24—30	Intl. Fair of Machine Tools and Ind. Equipment	Tehran
Nov. 30—Dec. 4	Industrial Heating Trade Fair	Dusseldorf
Dec. 3—12	Dakar International Fair	Dakar
Dec. 4—12	International Woodworking Exhibition	Brussels
Dec. 7—9	Canadian Construction Show	Toronto
Dec. 7—11	Industry and Urban Pollution Control Exbn.	Paris
Dec. 7—12	Video Exhibition	Geneva
Dec. 11—19	International Caravan Show	Amsterdam

BUSINESS AND MANAGEMENT CONFEREN

Nov. 17—18	PBIS: Trusts and Capital Transfer Tax	London Press Cent
Nov. 17—18	Offshore Centre: Trading with the Oil World	Connaught Rooms
Nov. 18—19	Noicutt Inv.: An Int. Approach to Investment	Malta
Nov. 21—Dec. 3	W. D. Scott: Organisation and Methods	Swindon
Nov. 22—26	P-E Cons. Group: Leadership in Management	Training Centre, I
Nov. 22—Dec. 10	Urwick: Production Management in Construction	Slough
Nov. 23	ICFC: Capital Transfer Tax and Small Businesses	Nat. Exbn. Centre
Nov. 23—25	Bradford Univ.: Forecasting for Managers	Heaton Mount, B
Nov. 23—25	Method Dev.: Work Study Appreciation	Leeds
Nov. 23—26	IEE: Aircraft All-Weather Operations	Savoy Place, W.C.
Nov. 24	Inbucon: Industry 1977—Action for Growth	Europa Hotel, W.
Nov. 24	Imp. Coll.: Linear Programming in Acc'ting & Fin.	Exhibition Road, S
Nov. 24	Staniland: Prospects for Consumer Spending	Carlton Tower Ho
Nov. 24	BACIE: The Employment of Young People	Kennington, Oxfo
Nov. 25	MTC: Supervisors and Managers Employment Law	Leicester
Nov. 29—Dec. 1	Inst. Chrt. Accts.: Partnership Tax Planning	St. John's Hotel, S
Nov. 29—Dec. 3	Roffey Park: Basic Accounting for Managers	Horsham, Sussex
Nov. 30	I.B.A.: Democracy in Industry	Royal Lancaster I
Nov. 30—Dec. 1	Weisweiller: Politics or Economics	Café Royal, W.1
Dec. 1—2	ESC: Finance and Credit for Industry	Cumberland Hotel
Dec. 1—2	Metals Soc.: The Human Factor in Plant Operation	Royal Garden Hot
Dec. 1—3	MCE: International Finance Conference	Geneva
Dec. 1—3	Frank Jefkins: Planning Press Relations	Connaught Rooms
Dec. 2	Assoc. Certified Accountants: Insolvency	Hotel Russell, W.
Dec. 2	Tax & Prprty Serv.: Moving Funds Around Europe	Inn on the Park,
Dec. 2—3	G. K. Tutorial: Balance Sheet Analysis Seminar	Post House, W.2
Dec. 3	City University: Issues and Mergers	Gresham College,
Dec. 6	Euro Study Confs.: Tax Reform in the U.S.	London Hilton, W.
Dec. 6—8	Brunel Univ.: Recent Devs. in Economics	Uxbridge, Middles
Dec. 6—10	Kepner-Tregoe: Decision Making for Senior Man.	Royal Bath Htl.
Dec. 7	RIIA: Iran 1980-85. Dev. Problems and Challenges	Chatham House,
Dec. 7—8	Financial Times, Petroleum Times, Society for Underwater Technology, Institute of Petroleum. Ocean Energy: Oil in Deeper Waters	Birmingham Metr
Dec. 9	Br. Shippers': Carriage of Dangerous Goods by Sea	Cafe Royal, W.1
Dec. 9	IPS: Subsidence in Residential Property	Royal Lancaster H
Dec. 12—17	BACIE: Producing Training Packages	Crest Motel, Beac
Dec. 13—14	Financial Times and Investors Chronicle: The Economic Outlook—1977	May Fair Theatre,
Dec. 13—16	Inst. Careers Officers: Unemployed Youth	York University
Dec. 13—17	Matchett: Prod. in Home and Export Markets	Leeds
Dec. 13—17	IPM: Employment Law	Park Court Hotel,
Dec. 15—16	Financial Times and Investors Chronicle: Inflation Accounting: The Proposed Standard	Royal Lancaster H
Dec. 16	Henley Centre: Exchange Rate Movements to 1981	Carlton Tower, S.W
Dec. 16—17	LAMSAC: Computers and Environmental Health	Leicester

BANKING APPOINTMENTS

LEGAL NOT

No. 14 of 19
In the CROYDON CO
In the Matter of ASHTON
and in the Matter of
Act, 1948

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They should be presented for payment at the Bank of Tokyo, Limited, 20/24, Moorgate, London, EC2R 6DH, listed on the forms provided, between the hours of 10 a.m. and 2 p.m. They must be left at least five clear days for examination prior to payment.

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For THE BANK OF TOKYO LIMITED
T. NAGAMURA
Director and General Manager
London Office.
15th November, 1976.

KAMPONG LANJUT TIN DREDGING BERHAD
(Incorporated in Malaysia)
The Transfer Books will be CLOSED from 7th to 9th December 1976, both dates inclusive.

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The undersigned announces that shareholders, who will be registered in the books of the company at 3.00 pm November 30, 1976 will be entitled to receive a 10 per cent gratis distribution of new shares.

Consequently the undersigned designated DIV.CP.NO.1 of the Cdr for this purpose.

In Japan the shares are traded ex-bonus as from 11.26.76.

AMSTERDAM DEPOSITARY COMPANY N.V.
Amsterdam.
10th. November 1976.

CONFERENCE HOTELS

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هكذا من الأصل

FINANCIAL TIMES SURVEY
Monday, November 15 1976

Italian Banking

Despite the depressed state of the Italian economy the banking sector, both domestic and foreign, continues to operate quite profitably. One reason for this apparent paradox is that for historical reasons much of the country's productive and service industry lies within a State-controlled orbit.

Mute prosperity

By Dominick J. Coyle

neither possible nor to review fully the banking scene without tching in some detail of tical and economic back- against which the banks Italian and foreign— operate. True, Italian n particular have shown rkable capacity to in- their profits whatever nomic and political en- nt, yet they themselves first to admit—as they ularly in their annual to shareholders—a need fine the role of banks the framework of an c-environmental system rised by a solid base ived from a constructive of evolution, and not emergency measures." di Roma's most recent report).

like most things about ht now, it is a hope, but articularly realistic one, y the economic situa- r the past year has seen nergency measures than evolution, and right now tical situation is almost confused, or at least uncertain.

s start with politics, for it is still the politicians rough them, the vast nent bureaucracy and te-sector holding-com- which really control the c environment, or at at portion of it which reasonably isolated or e protected from exter- uences. Specifically in ext of banking, it might as well to record early t the Italian State, through its various holding companies and their down-stream operations, controls well over half of the country's overall productive capacity, and the principal banks as well.

Confused

Hence, the political scene is important, and right now it is very muddled to say the least. The general election last June, in the view of most experienced commentators in Rome, was to have "clarified" the situation, and the general expectation then was that the powerful Communist Party would emerge with a parliamentary strength at least equal to that of the long-ruling Christian Democrats, if not actually becoming the country's largest single party. That particular prospect, of course, did little for confidence in the Italian monetary system, as indeed the sharply-declining lira rate against most major currencies amply demonstrated in the run-up to polling day. For most well-off Italians, prudent "hedging" took a fairly concrete form, and something like an industry was set up to ferry currency across the frontier into Switzerland and elsewhere, an illegal matter of course, but that did not seemingly worry many Italians. There is some circumstantial evidence that some of the domestic banks themselves were not immune from exploiting the situation with some forward hedging against the declining lira, despite the best surveillance of the Bank of Italy, but of course no one would want to say anything about that for the record, or reject the benefits in increased bank profits.

Well, as it happened, the electorate did not wholly go the way of the commentators, and while the Communists did advance, the Christian Democrats stayed out in front—but only just, leaving Italy as before without a strong government able to command a national consensus in support of economic measures capable of tackling some of the fundamental structural defects in Italian society. Weeks of debate and a whole lot of intrigue within Christian Democrats and Socialists ranks followed before President Giovanni Leone invited Sig. Giulio Andreotti to form an administration, and his minority Christian Democrat government has just passed its first 100 days in office, and depends for its survival on the tacit backing of the Communists.

In terms of the party political mix in parliament, Andreotti's government looks like being perhaps the weakest since 1963 when the Christian Democrats turned reluctantly to the much smaller Socialist Party for support in the first so-called "organic" centre-left administration, the CD having by then lost their absolute majority. Yet ironically the present administration may, by Italian standards that is, have a reasonably long life, since there is now no visible alternative, and the opposition parties, including the Communists, know it. There is, of course, always the possibility of a further general election, but right now no party wants that, and the Communists in particular have a sinking feeling that they might, even lose some ground in an early poll. Andreotti's political footwork is certainly deft enough to put the blame squarely on the PCI for having to go back once again to the electorate.

Andreotti's first 100 days in office have been accompanied by a baffling array of measures aimed, according to the Prime Minister at least, at easing Italy out of its worst-ever economic recession. (Gross national product last year slumped by 3.7 per cent.). In fact, of course, the government has been literally forced to give priority to halting the decline of the lira. The rot set in at the beginning of the year when the withdrawal of Socialist support from the Moro government produced the political crisis from which the lira caught a backwash which even the temporary closure of the foreign exchange market could not contain. It is interesting, incidentally, to reflect now that the government crisis at that time resulted from disagreement on the projected industrial reconversion programme, a subject which is still being discussed 11 months and a general election later, but with no greater clarity as to industrial and geographical sectors to be favoured, or indeed as to how the programme is to be financed.

Well, the decline of the lira has just about monopolised the Italian scene since last January. During the year the rate against the U.S. dollar has dropped from 680 to a low at one time of 930, and it is now hovering in an uncertain and artificially restricted foreign exchange market at 860/870. The Bank of Italy has thrown in a sizeable proportion of the country's limited available reserves to try to hold the rate at various (Treasury-dictated) levels. But with no real success. Monetary policy has been squeezed just about dry—with the discount rate going first from 6 to 7 per cent.; then to 8, then to 12, and it now stands at an historic high of 15—but again with little effect on the exchange rate. Exceptional measures, too, have been brought into the battle to save the lira, including a 50 per cent. import deposit scheme introduced for three months last May by the then caretaker Moro government and promptly extended for another three months in August. The following month the Government, under pressure from the EEC Commission in Brussels, announced that the deposit scheme was to be phased out, starting with a 5 per cent. reduction on October 15, a further 5 per cent. on the last day of this month, and gradually thereafter until its final elimination by next April.

The market greeted the news that import deposits were to go with a further run on the lira, and just three days later, on October 1, the Prime Minister went on radio and television to announce a crisis programme of "austerity for all" and a temporary 10 per cent. surcharge on all foreign currency transactions, a measure which, for all practical purposes, shut down the foreign exchange market for two weeks while the Andreotti Cabinet went into a series of emergency meetings in order to piece together the "austerity package." This time, said Sig. Andreotti, Italy's economic problems would have to be tackled head-on.

As an emergency short-term measure it was inept to say the least, since it was obvious that two weeks were not going to be enough either to formulate an austerity programme and to get some measure of acceptance for it from the opposition parties and the trade unions. The 10 per cent. currency surcharge was duly lifted on schedule, the lira rate against the dollar fell further, despite extensive Bank of Italy intervention at a heavy cost to the limited reserves, which at roughly $1.4bn. are just enough to cover about two weeks' imports. Five days later, on October 23, a new foreign currency surcharge was announced, this time at 7 per cent, and the Government has undertaken to lift it by mid-February next at the latest. Those five days of political indecision cost an estimated $6bn. to $7bn. to the reserves, or more than the further drawing which Italy now hopes to get from the International Monetary Fund under the Jamaica Agreement, and the negotiations for which have been hanging fire since last March.

Perhaps the message has finally got home. The lira's decline at the start of 1976 may well have been aggravated, as many politicians claimed at the time, by fears that the Communist Party would come to government, would realise its cherished "historic compromise," or grand coalition in government of all Italy's democratic forces. But the real problem was and is plain to see. Escalating Government spending has pushed the Treasury deficit to staggering proportions: Italy's external debts have risen in the last three years from $7bn. to $17bn., and inflation this year will be little under 20 per cent.

Competitive

Average earnings in Italian manufacturing industry have actually outpaced inflation, while the system of threshold payments to most workers feeds it automatically. The declining value of the lira gave a competitive edge to Italian exports, but it is a short-lived advantage in a country with such a high import requirement of raw materials.

CONTINUED ON NEXT PAGE

Power but in theory only

THE ACCUMULATED effects of many years of over dependence on monetary policy, political reluctance (or incompetence) to create an effective fiscal and administrative system, and the progressive decline in the profitability of both public and private enterprises has pushed the Italian banking system into a situation of theoretical omnipotence and practical impotence.

This apparent paradox is the end product of a progressive decline in the overall efficiency of the Italian economic and political system which commenced with the 1963-64 recession and subsequent failure of the Centre-Left political formula to implement vital structural reforms and then accelerated in the aftermath of the "hot autumn" of labour unrest in 1969.

In banking terms the consequences can be seen on the one hand by the way in which bank deposits have become the principal form of savings and investment by households and on the other hand how bank indebtedness has become the principle form of financing, not only for private and public enterprises, but also for the local government administration.

Declined

How has this happened? In the first place the profitability and self financing ability of Italian enterprises has declined rapidly under the combined effect of high labour costs, including social security contributions, and the automatic inflation indexed wage and salary system. This has been accompanied by low productivity (due to low investment, high absenteeism and the effects of necessarily stop-go monetary policies) and the growing cost of borrowing capital, not only for investment but also increasingly growing to finance previously accumulated losses.

In effect the banking system has become a surrogate replacing both the bourse, in its double aspect as outlet for savings and channel of financing for industry, and tax authorities. It is a process accelerated by the effect of a restrictive, high interest rate monetary policy on the long and medium term bond market. This market, which was formerly the principal channel for financing the investment and deficits of the state-controlled industries, public utilities and special credit institutes, has also virtually dried up as the public has switched its preferences either to completely liquid current account deposits or to a lesser extent the short term Treasury bill market. Indeed the expansion of the Treasury bill market has become one of the principal instruments of financing the Treasury deficit and become one of the main causes of the increasing money supply. This is a situation which has caused much heart-searching at the Bank of Italy which in this way has seen its control over the money supply heavily eroded.

This conflict emerged into the open with the controversy over who was responsible for the excess liquidity which sparked off the lira crisis in January this year. Monetary experts like Professor Lucio Izzo and others attributed most of the blame to the Treasury, and the fact that Sr. Emilio Colombo is no longer Treasury Minister is due in no small part to these accusations of insufficient control over public spending and excess creation of liquidity through the Treasury bill market.

Be that as it may the net result of declining profitability, growing public sector deficit and almost exclusive dependence on monetary policy up to now has been to virtually strangle the already structurally weak financial markets in Italy and concentrate the overwhelming proportion of savings in the banking system—either through the commercial banks themselves or the savings banks. This is reflected in the rapid and continuous increase in the volume of deposits in recent years. The latest (provisional) figures from the Bank of Italy for example show that total deposits as of end July at L107,314bn. are over 21 per cent. higher than the L88.027bn. of July 1975. Of the total deposits over two-thirds are made by families, around 16 per cent. by private companies, 1 per cent. by finance and insurance companies and roughly 7 per cent. by the public administration in its various forms.

Naturally the growth of deposits is exaggerated considerably by the effects of inflation, which has been in the high teens and low twenties for the last three years, but the trend is unmistakable. It is a trend furthermore confirmed by "American Banker" magazine which recently published a table showing, for example, that Italy's largest bank, the Banca *Nazionale Del Lavoro*, had moved up from 24th to 19th place in the world banking deposits league with an increase in deposits from $17.9bn. in 1974 to $20.7bn. in 1975 while seven other Italian banks improved their position in the first hundred banks worldwide. By the same token the Cassa Di Risparmio Delle Provincie Lombarde confirmed its position as the world's largest savings bank with $14.8bn. worth of deposits as of end 1975.

If the above has confirmed the first part of the assertion at the start of this article, that is to say the omnipotence of the banks, it is now time to examine the second part which is that in practical terms the banks are impotent in spite of their size.

This assertion is based on the fact that in practice a very high proportion of bank loans, although theoretically extended for a maximum of 12 months under the 1936 banking laws, are in fact virtually un-recallable while over 50 per cent. of the banking systems deposits are blocked, either by the 15.5 per cent. obligatory reserve requirement or in compulsory bond purchases. A distinction must be made however between economic and political power.

The Italian banking system is highly politicised, a reflection of the highly politicised nature of Italy in general. Up to now it has been a power overwhelmingly in the hands of the Christian Democrat Party whose nominees occupy over 90 per cent. of the top posts both in the commercial banking system and the savings banks, although three of the very largest state controlled banks—Banca Nazionale Del Lavoro, Banca Commerciale Italiana and Credito Italiano, are proud of their traditions as "lay" banks.

The close links between banking and politics can be seen most clearly in the controversy which has surrounded the role played by the Banco Di Roma both in the Sindona rescue operation and the subsequent, and as yet incomplete, reorganisation of the Societa Generale Immobiliare property and construction company inherited from the Sindona rescue. To this day Sr Sindona maintains that his collapse was due to a plot by fellow Sicilians, the Republican Party leader Ugo La Malfa and Mediobanca chairman Enrico Cuccia plus ex-*Governor of the Bank of Italy* Guido Carli, although judicial investigations have revealed the shaky base of his interwoven financial network as well as evidence of payments to political parties, and particularly the Christian Democrat Party, *for favours received*, including the promotion of *friends in key banks*.

Pressure

But whatever the merits of this particular example of political pressure at work in the banking system the point is that the strong advance of the Communist Party at both the regional elections in 1975 and the general elections in June this year has created a very different political climate. For the banking world it means firstly that the selection of candidates for top banking positions as they fall empty can no longer be arranged on the basis of the traditional horse-trading between factions of the Christian Democrat Party and their former Centre-Left allies. The Communist Party is, in fact, insisting, as part of its overall strategy for reform of the banking system, that from henceforth the choice of candidates shall be discussed by the Parliamentary Finance and Treasury Committee, which now has a Communist chairman.

Ostensibly this is to assure future selection exclusively on an assessment of technical competence, although the pattern of new promotions will be carefully watched to assess whether in practice this does not mean merely opening of the patronage system to candidates from the Left.

The composition of the Board of the savings banks is particularly important as by statute they are obliged to distribute their profits in the form of contributions to charities and works of public benefit. The political leverage of distribution policy is very substantial and is above and beyond the already considerable power which stems automatically from the power to grant or withhold credit.

But it is precisely the degree of discretion and selection left open to the banks which has been progressively whittled away pari passu with the growth in the size and importance of the banks. This is partly the effect of the increasingly dirigistic policies pursued by the Bank of Italy which means that through a combination of compulsory deposits and enforced bond purchase obligations over 50 per cent. of total bank deposits are tied up in relatively low-interest-bearing assets whose composition is dictated by the Central Bank. At the same time the last thirty years have seen a progressive extention of the area of subsidised credit—be it on a territorial basis as in the Mezzogiorno and other depressed areas or for export Finance or for investment or support in selected industrial or commercial sectors. At the same time the banks have been obliged in practice to lend massively to local authorities whose total indebtedness in 1975 amounted to no less than L25,000bn. Some estimates expect this to rise to L46,00bn. (over £30bn.) by 1977 unless a long-talked-about reform of local government finance is put into operation. The City of Rome for example pays over L1bn. daily in interest to the banks on its debts and it has been estimated that ne[arly …] per cent. of the revenue [of local] authorities goes to [pay] interest charges on their [debts].

Clearly there is little [hope] of being able to call in these debts and the [same] applies for the indebtedness of Italian i[ndustry]. In effect this means tha[t the banks] have less and less ch[oice in] their loan policy, less a[nd less] freedom over the use [of their] deposits. At the same t[ime the] high level of interest ra[tes and] the wide apparent [spread] between rates paid on [deposits] and the interest paid [by] priviliged borrowers [has] opened the banks to ch[arges of] usury and profiteering. Guido Carli pointed o[ut in a] highly *illuminating* art[icle …] banks are seen by th[e public] to be like the hippopot[amus in] Alice in Wonderland—[…] invited to the party in [order to] gobble up all the food. [Banks] may not be popular b[ut are] still a lot more profita[ble than] most other sectors of th[e] economy. The questi[on is to] what extent these ar[e] made at the expense of [the rest] of the economy.

Anthony Ro[…]

BANK PROFITS, COSTS AND DEPOSITS

	1969	1970	1971	1972	1973	1974
Net profits (L.bn.)	87.9	81.1	109.3	122.3	136.6	170.5
Total deposits (L.bn.)	32,881	36,744	42,527	50,582	60,694	74,167
General costs (L.bn.)	592	721	844	974	1,402	2,360
Labour costs (L.bn.)	888	1,066	1,300	1,468	1,956	2,680
Cost per employee (L.m.)	5.9	7.5	8.2	8.85	11.05	13.15
Lending/borrowing rate spread	3.37	4.34	4.11	3.44	3.81	6.84

Source: Bank of Italy report, May, 1976.

Prosperity

CONTINUED FROM PREVIOUS PAGE

Governor Paolo Baffi of the Bank of Italy warned just before the general election that Italy was on a South American-style inflation-devaluation spiral unless ways were found—and found urgently—to control both public expenditure and incomes. His former deputy, Sig. Rinaldo Ossola, who is now one of the technocrats in the Andreotti cabinet, put across the same message, albeit more starkly, just over three weeks ago when (appropriately perhaps) he told a meeting of foreign exchange dealers: "Italy is living beyond its means . . . and it risks being being pushed inexorably down the road to under-development."

Premier Andreotti has now expressed his government's determination to ensure that Italy henceforth lives within its means, although he concedes that it will take some *time to get back to equilibrium*. Yet his own apparent conversion to sound principles of national economic management has not been without external influence. The IMF for one has made it abundantly clear that additional Fund support will be conditional on lowering the Treasury deficit and introducing something like an incomes policy. The Brussels Commission, too, has imposed restrictions as the price of its loan support. The U.S. Government has also had its say, and when President Ford's Treasury Secretary, Mr. William Simon, was in Rome earlier this year he gave a tough lesson on the evils of deficit financing to his then Italian opposite number, Sig. Emilio Colombo. He warned explicitly that any long-term financial assistance from Washington would be conditional on Italy giving concrete signs that it was prepared to put its own house in order.

So now we are at the real crunch. All the political parties, the trade unions, independent economists and the media are at one in agreeing that "something drastic must be done," but this consensus on generalities—less consumption, more investment, more exports—gets rather thin when it comes to specifics where to cut government spending, which taxes should be raised, what public service tariffs should be increased in order to reduce drastically the vast deficits of the public utilities.

Faced with the choice between raising Government revenue and *cutting State spending*, the Andreotti administration is clearly going for the former.

The Prime Minister at his first Cabinet meeting asked all Ministers to cut their departmental budgets for 1977. The announced outcome is a reduction—which itself will probably turn out to be more notional than real—of less than L100bn. in projected Government spending next year of L36,000bn.

The overall plan is to cut consumer spending over the next year by a sum equal to some two and a half per cent. of GNP, or getting on for L5,000bn., using this increased revenue mainly to cut the deficits of the public utilities and hence the State's borrowing requirement.

On the incomes side the Government wants to block for two years the threshold payments to higher-paid workers and to reconstruct the "basket" on which cost-of-living increments are based, in part at least to close out those items over the cost of which no Italian Government has control, and petroleum imports are an obvious case. There is also a proposal to extend the period from three to six months when threshold payment take hold since this could iron out the price influence of essentially seasonal factors. The Government has also studied a scheme for the so-called "fiscalisation" in the interest of reducing overall labour costs. Again there is agreement on the principle, but not on the new taxes needed to finance it.

In his opening speech to Parliament last week in the debate on the economy, the Prime Minister appeared to have moved back just a little from these important proposals. It was, he said, now a matter for employers and the trade unions to agree a revised mechanism for threshold payments, although he warned that his Government might impose its own formula if such agreement did not emerge within a month. At that time, too, said Sig. Andreotti, and in the light of whatever agreement was reached, the Government would return to the question of transferring some social welfare charges, from employers to the State, using an increase in VAT rates to cover the cost. The immediate response of the trade unions has been to reject any real changes in the system of threshold payments and to oppose a general rise in VAT rates.

Projection

In short, then, the measures thus far on both the monetary and fiscal side have put the Italian economy into something like a holding position. The former will certainly slow down the economy — the latest official projection is for a zero growth rate in 1977 — while the latter contain their own inflationary seeds. Sig. Gaetano Stammati has forecast an inflation rate next year of 20 per cent., but other estimates go closer to 30, and there are also a few real pessimists about.

Meanwhile, there has been nothing but talk on formulating a medium-term economic programme for Italy. The Cabinet has debated situation papers on the Government's industrial reconversion programme, Confindustria, the national employer organisation, is formulating its own views in this regard, as are the trade unions and the Communist Party. But it is, for the moment anyway, all part of a rather unreal debate in a situation where crisis short-term economic management is the essential order of the day. Political stability and a comprehensive economic development and reconstruction programme remain the prerequisites for Italy's long-term recovery, a recovery in which the banks clearly have an important role to play. Defining that role in the present vacuum is about as useless as trying to shore up an exchange rate in which the market — both foreigners and very many Italians — has no real confidence.

[مكتبة مبر الأصل]

Bank profits show a steady rise

FROM a small [illegible] dip in 1970 Italian [illegible] a whole have managed [illegible] their profits steadily [illegible] last seven years, a [illegible] stop-go economics and [illegible] profitability for most [illegible]ctors of the economy.

[illegible]rmore the banks have [illegible] to increase their [illegible] the face of sharply [illegible]sts of all kinds which [illegible]ntributed to making [illegible]anks among the most [illegible] in Europe, particu[illegible]ompared to the quality [illegible]e of the services sup[illegible] a considerable extent, [illegible]s' profitability is part [illegible]ice paid by the Italian [illegible] for the excessive [illegible]ce on monetary policy. [illegible]e, this means that an [illegible]higher interest rate [illegible] imposed by the Bank [illegible] restrain credit growth [illegible] the economy is [illegible] by a period when [illegible] able to increase the [illegible]etween lending and [illegible] rates.

[illegible]est

[illegible] 1973 and 1974 this [illegible]se from 3.81 per cent. [illegible] than 6.84 per cent. [illegible]ecline marginally to [illegible]ent. last year, a year [illegible]sed by the steepest [illegible] recession in Italy [illegible] war.

[illegible]nks' reluctance to [illegible]ir interest rates and [illegible]mewhat the financial [illegible]of industry brought [illegible]r fierce criticism last [illegible] they are often reluc[illegible]reduce their lending [illegible]his' obliges them to [illegible]he rates paid on [illegible]his reluctance is due [illegible] the competition for [illegible] funds from the [illegible] bill issues and the [illegible]ings banks.

[illegible]t of raising funds is [illegible]high for Italian banks [illegible]of the practice of [illegible]ing even current [illegible]posits made on a call [illegible] recent years it has [illegible]on for banks to pay [illegible] per cent. for very [illegible]sits and at present [illegible]le to obtain ten per [illegible] above on modest [illegible] a few million lire. [illegible] this the banks also [illegible]y tax to the Govern[illegible]ese deposits, and as [illegible]he recent austerity [illegible]he rate has been [illegible] banks have been [illegible] pre-pay part of their

[illegible]ar the biggest single [illegible]at of labour. The [illegible]r so Italian bank [illegible] have one of the most [illegible]abour contracts with [illegible] payments and con[illegible] fringe benefits in [illegible] to a privileged [illegible]ayment system which [illegible] defends their salaries [illegible]orst of inflation. This [illegible] in the high average [illegible]bour. According to [illegible]aly statistics average [illegible] employee, including [illegible]ges which come to [illegible] per cent. of total [illegible]aly, amounted to no [illegible]15.3m. (over £11,000 [illegible]nt rate of exchange). [illegible] of the late austerity [illegible]owever, the govern[illegible] blocked the sliding [illegible]o-called *scala mobile* [illegible]ries above L8m. an[illegible] reduced it to half [illegible]arning between L6m. [illegible] The money which should have been paid into the pay cheque will be frozen for five years in special bonds issued by the Mediocredito Centrale, a public special credit institute. This is a form of forced savings aimed to cut down the built-in inflationary effects of the *scala mobile*, a system which is at the centre of a fierce debate at this time.

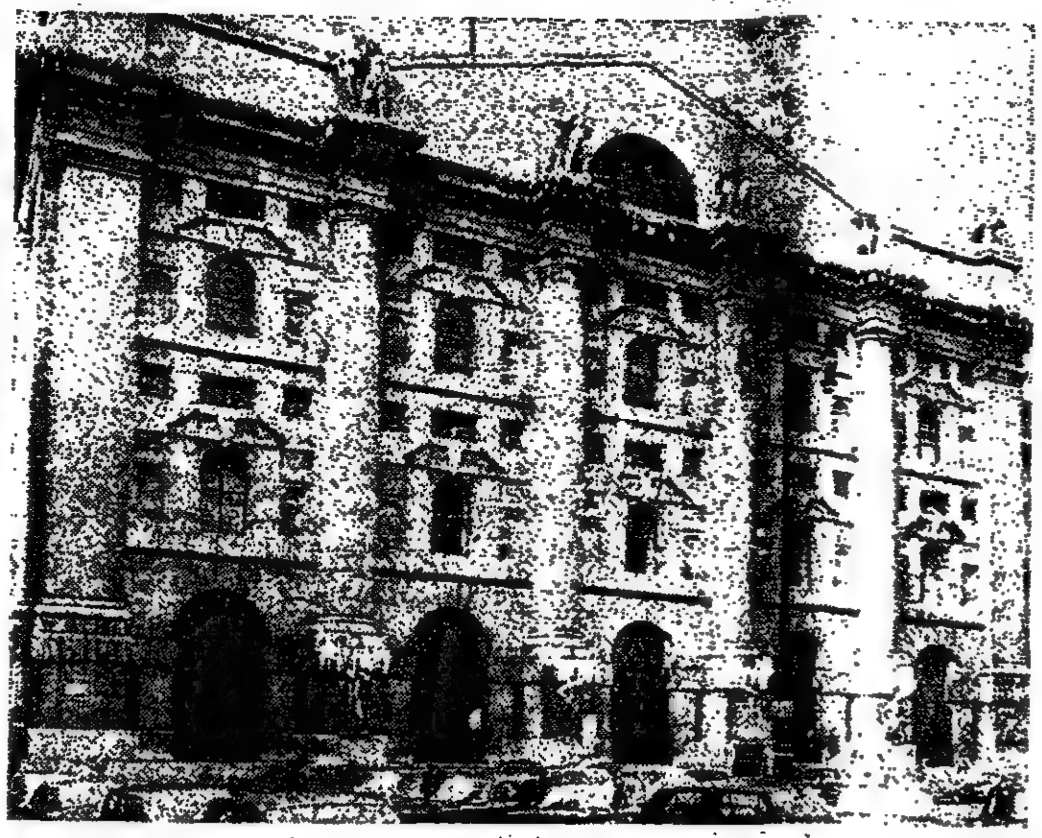
In recent years the banks have also had to make growing provisions for losses incurred on their considerable holdings of bonds. The dirigistic policies of the Bank of Italy have obliged the banks to channel no less than 42 per cent. of their deposits into enforced purchases of bonds in order to sustain the sagging bond market. However, inflation has had the inevitable effect of severely reducing the book value of much of their bond stock. At the same time, however, the banks have benefited from massive revaluation of the real value of their fixed assets over the years and have tended to pad their reserves and increase their depreciation provisions rather than announce potentially embarrassing real profit figures

For this reason the net profit figures greatly underestimate the true level of bank profits and are valuable principally as an indication of the trend in bank profits which, as can be seen, have risen by around 25 per cent. annually over the last two years. They are expected to rise again in 1976—a year in which Bank Rate has risen to an unprecedented 15 to 18 per cent. (depending on the frequency and size of recourse to the Central Bank) and the prime rate has stood officially at 19.5 per cent. since June but is in practice frequently higher.

To take 1975, the last year for which figures are available, as an example, net bank profits rose from L170.5bn. to L213.7bn. an increase of 25 per cent., but gross profits of the banks rose by no lesss than 47.8 per cent. in spite of a rise of 48.9 per cent. in general administrative costs and 23.8 per cent. in labour costs. The rise in gross profits is due principally to a 51 per cent. rise in depreciation provisions and reserves of all kinds from L1,161bn. in 1974 to L1,755bn. in 1975—of which L714bn. was set aside to cover losses on bonds and other assets and L537bn. was set aside for the "devaluation of credits."

This means that gross profits of the Italian banks in 1975 totalled L2,025bn. on deposits which as of end June, 1975, totalled L88.216bn. The picture which emerges is of a profitable but extremely high cost banking system, which is by far and away the largest financial intermediator in an Italy increasingly poor in alternative savings and investment channels.

Anthony Robinson



Italian banks play a major role in the Italian share market. Above, the Milan stock exchange.

Banker's plan for corporate debt

IN AN interview with the Financial Times shortly after retiring from 15 years as Governor of the Bank of Italy, Sig. Guido Carli defined his future role as that of a "*mina vagante*," a wandering mine ready to bump into, and if need be explode, conventional thinking. True to his word Sig. Carli, wearing his new hat as president of the employers' federation Confindustria, recently uttered in his own words "a provocation" by proposing that the banks agree to convert into share capital part of the indebtedness of Italian companies.

The logic behind Sig. Carli's proposal is that the indebtedness of Italian companies has now reached a pathological degree and that servicing this debt makes it impossible for companies to make sufficient profits either to finance future development or repay existing debt.

But while companies in this way are involved in a vicious spiral of increasing indebtedness the banking system for its part has become saddled with an increasing volume of practically un-recallable loans, which furthermore have to be continually increased and extended if the companies themselves are to survive.

But before examining the nature of the controversy which the Carli proposal has evoked it is probably worthwhile to examine more closely the capitalisation/debt ratio of Italian companies.

According to a recent study by the National Research Institute (CNR) the 123 industrial companies (all except banking and insurance companies) quoted on the Milan Bourse had a total debt of L3,600bn. with the banks compared to a market capitalisation of around L4,000bn. Companies in two major groups — the State-controlled IRI group and Montedison/Snia Viscosa—accounted for nearly 50 per cent. of the total indebtedness.

Indebtedness

But a more complete and depressing picture of the indebtedness of Italian companies, emerged from the latest annual report on the financial state of Italian enterprises published by Mediobanca at the end of July. The Mediobanca report covers 757 industrial groups which between them control 8,000 companies which in turn control over 70 per cent. of Italy's industrial assets. In 1975 no less than 431 of these groups worked at a loss. That these losses were not outweighed by the profits of the others can be seen in the figures which show that the net losses of the 757 groups last year was no less than L1,918bn., which represents 4 per cent. of their total turnover, or put another way, 15 per cent. of their capital plus reserves.

It is true that 1975 was a particularly bleak year for the Italian economy, which fell into the steepest recession since the War. But the net effect on the economy's performance last year has been greatly to accelerate the debt accumulation process. The debts of the 757 groups in fact rose from L36,621bn. at the end of 1974 to L43,539bn. as of end 1975. Between 1968 and 1975 their indebtedness with the banks alone has increased nearly fourfold from L3,339bn. to L11,881bn.

It is on the basis of studies like the above, and the years of monitoring the progressive indebtedness of Italian companies during his years at the Central Bank that Sig. Carli came out with his controversial proposal. It has not had a very enthusiastic response. The Communist Party's chief economic spokesman, Luciano Barca, applauded the initiative as bringing the problem into the open but criticised the content.

Sig. Carli's idea is that the debts converted into shares should be held by bank consortia, with the eventual aim of selling them off to the public once the companies, aided by a lower interest rate burden, returned to profitability. But Sig. Barca's fear is that this is merely a pious hope, that it would merely give companies a breathing space and allow them to accumulate fresh debts while re-creating a situation similar to the 1930s when the State had to step in and save the banks by creating IRI and transferring to it the shares held in their portfolios, and control over the companies concerned.

Similar perplexity has been expressed by the banks themselves which, while they privately might agree with Carli that a significant part of their loans are in fact un-recallable, are reluctant to write them off and replace them with shares of equally questionable value. Apart from technical considerations, such as the remuneration of the shares, the banks are also reluctant to find themselves involved in the administration of the companies in which they became shareholders in this way. There is little of the German vocation for active interest in the running of companies among the Italian banking community and this is matched by widespread scepticism about the capacity of Italian bankers to play any such role, even if they were willing.

In spite of these doubts, however, the debate around the Carli proposal has served to bring to public attention the precarious and unsustainable financial position of Italian companies in general, and the critical position of some of the largest groups such as the Montedison Snia Viscosa group in particular. It has also served to underline the importance of reactivating the channels of finance to Italian companies within the overall context of the so called industrial reconversion plan, the details of which still have to be worked out.

This is incidentally a debate in which the attitudes and opinions of the Italian Communist Party are of enormous importance. The Party is making a major effort to convince its followers of the need for a serious austerity policy—linked however to the reform of Italy's basic social, political and indus-

CONTINUED ON NEXT PAGE

ITALIAN BANKING IV

Profitable arena for foreign banks

THE NON-ITALIAN banks operating in Italy, whether as fully fledged branch offices or affiliated directly with one or other of the domestic banking houses, have, like their wholly Italian colleagues, been doing very nicely in recent years. For them it is very much a question of keeping their heads down and pressing on — mainly, though not exclusively, in the interests of serving their predominantly non-Italian customers.

They enjoy a considerable edge when it comes to operating efficiency, an edge which is translated into proportionately higher profits, and their primary contribution to the Italian banking scheme has been their innovative skill. It was, for example, the non-Italian operators who were mainly responsible for introducing what is gradually becoming commonplace with Italian banks—service operations such as factoring, leasing, acceptance credit and the like.

The scale of operations by the foreign banks is difficult to estimate. This is partly because the figures for the full branches are in effect consolidated with their parents — although operations such as Morgan Guaranty, which until earlier this month were fronted through Italian Morgan Vonwiller, did have to show the colour, and the extent, of their money for inspection, and indeed were subjected to the same degree of control and lending supervision by the Bank of Italy as applied to the wholly domestic variety. Morgan, incidentally, is now in the process of changing to a full branch operation, for which permission has been secured from the authorities, and a similar move towards branch banking is understood to be planned by Manufacturers Hanover which heretofore had only a representation office in Rome.

Since the branch network (an exaggerated description in the context of non-Italian bank operations in this country) of foreign banks is extremely limited — in every case except Chase Manhattan to Milan and Rome — the visitors are less qualified to go where the trade is, but they do get their share. What that share is must be an estimate, but two U.S. banks have in private arrived independently at the same figure—about 10 per cent. of the market. Breaking that slice of the business down is even more difficult, but it is a fair guess that the trading companies involved are almost totally non-Italian. In that sense at least, money is following the flag, whether it be American or British or whatever.

Exception

Incidentally, the exception of Chase mentioned above is interesting, even if the bank itself would probably suggest that its office in the southern port of Bari made a great deal of commercial sense, given Bari's strategic location for trade with North Africa and the Middle East. The facts, however, are likely to be somewhat different, although hardly admitted for the record. Chase Manhattan may have felt it "politically desirable" to locate in Bari as the price of winning Bank of Italy approval for a branch in a more immediately appropriate centre.

It is, however, only fair to add here that non-Italian banks acknowledge spontaneously that their relations with the Bank of Italy are good, even if it would be naive to suggest that the controlling authority has been less than tight on the question of permissions for new branch operations.

The non-Italian operations, lacking for all practical purposes access to domestic deposits, concentrate for their funding on the inter-bank market where even now rates compare very favourably (and thus contribute handsomely to bank profitability) with, for instance, the current notionally "prime" rate of 19.5 per cent. Spread is of course the lifeblood of profit for the Italian banking system, and it does no harm at all to the operations of the non-Italians as well!

Specialist services such as factoring, leasing, acceptance credit and straight-forward foreign exchange business do provide a great deal of the profitable cream on top, and of course there are some hidden deposits through checking accounts for foreign nationals and overseas corporate customers. On the other hand, back-to-back loan operations are minimal for, in the words of one American banker in Italy "who in his right mind would want to take the foreign exchange risk with the lira right now?"

Who indeed, and as a community the foreign banking franternity in Italy is probably more pessimistic right now about the medium to long-term prospects for the Italian economy than anyone else here. The operating fact remains, nonetheless, that non-Italian banks are doing fine in terms of profits. Their operating philosophy is limited—it is to service mainly foreign companies, to maintain an established banking connection developed long before either the corporate subsidy or the branch bank or representational office had set up shop in Italy.

The downstream spin-off in terms of Italian banking has principally been exposure to better management techniques and new services, but in the present uncertain political and economic climate, there is nothing on the kind of "bonus" which the presence of foreign banks is often able to bring to a host country; namely sparking an initial interest in new industrial investment. If anything, not least because of sharply higher Italian labour costs and the continued absence of labour mobility, coupled with expensive redundancy provisions, traffic of late has been in the other direction, with foreign companies actually leaving Italy.

This one-way traffic on the corporate side is not, however, matched in the banking business itself, and the main Italian banks have in recent years advanced remarkably their own foreign operations. Big domestic banking names like Banca Nazionale Del Lavoro, Credito Italiano, Banco Di Roma and Banca Commerciale Italiana are now frequent appendages on consortia tombstones, and regularly lead banks where a particular Italian funding is involved. Again, as with the foreign banks, it is generally a matter of following the trade flag in promoting Italian commercial interests abroad.

The published accounts of Italian banks should, as noted elsewhere, be read with a great deal of caution as much because of what is not shown or stated, thus making comparability extremely difficult as between their domestic and foreign operations. Yet as with the non-Italian banks in Italy, the indications are that the Italian banks working overseas are making an extremely useful—and almost certainly disproportionately large—contribution to their overall profitability. For them it is the inter-bank market operated in reverse situations where the Italians lack any sizeable deposits to fund their foreign operations while operating, as of now anyway, on tight liquidity controls at home.

The interest rate spread elsewhere may not be so generous as that in Italy, but it too provides its margin of profit and, noticeably, the management efficiency and technical competence of Italian banks abroad is far superior to that shown at home in their day-to-day operations, at least from the customers' side of the counter.

D.C.

FOREIGN BANKS IN ITALY

One or more Branches	Representational Offices	Represented by Affiliates
Bankers Trust	Bank of Montreal	American Express International (by American Express Bk. SPA)
Chase Manhattan	Canadian Imp. Bank of Commerce	Barclays Bank International (Banca Barclays Castellini)
Chemical Bank	Manufacturers Hanover	National Westminster (Creditwest)
Continental Illinois	Marine Midland	Banque de l'Indochine et Suez (Banque de Suez—Italia)
First National Chicago	Banco de la Nacion Argentina	Union des Banques Arabes et Francaises (Union di Banche Arabe ed Europee-Italia)
Citibank	Banco Financiero Sud-Americano	
Standard Chartered	Hambros Bank	
Banco do Brasil	Credit Lyonnais	
Bank of Tokyo	Banque Nationale de Paris	
Algemene Bank Nederland	Banco de Bilbao	
Credit Commercial de France	Banco Occidental Madrid	
	Bank Leumi Le-Israel	
	Jugobanka	
	Jugoslovenska Banka	
	Romanian Bk. for Foreign Trade	

Static capital market

THE EXPERIENCE of the last 12 months has proved yet again how difficult it is to innovate and enrich the structure of the Italian capital market by the introduction of new instruments and methods.

One promising new development, the introduction of a revolving credit in lira and a medium-term syndicated basis, started off with high expectations last year but only two operations have been concluded so far in 1976. Last year the pool of banks originated by Compagnia Finanziaria Immobiliare of Milan, put together four operations totalling L72.5bn. These were a L40bn. package for Fiat, L20bn. for another Italian concern, L7.5bn. for Ciba Geigy and L5bn. for the Ceat Tyre Company. This year the only two small operations have been L5bn. for the RIV-SKF ball-bearing group and L6bn. on behalf of Siemens. The credits are made available on a five-year basis at a one to two point spread above the three-month interbank lire rate and have the advantage both of duration and a 1 to 1.5 per cent. lower overall cost than traditional bank borrowing. But the present discouraging investment climate and political and general uncertainty has caused the response to be below legitimate aspirations.

As for the bankers acceptance system, also introduced last year, delay in approving a law (backed by the Bank of Italy) to reduce the stamp duty on such transactions had led to virtual paralysis in this area, although there are signs that activity might pick up later, particularly as it is favoured by the monetary authorities as a means of soaking up liquidity. The sad fact is that although the Government has made much noise about its so-called austerity package the Treasury deficit is still enormous and the flow of Treasury Bill issues continues to outpace the measures taken by the Bank of Italy to soak up excess liquidity in a market where most industrial and commercial borrowers have been virtually forced out.

Consolidation

One area which continues to expand and consolidate its role is the interbank money market. Intermobiliare, which is estimated to account for over 80 per cent. of total volume in a market made by up to 10 brokers, recorded a volume of L1,100bn. in the financial year to June, 1975, and volume of L1,750bn. in the year to end-June, 1976. Trading is concentrated at the short end of the market however reflecting the uncertainty of estimating cash needs. Rates on 48-hour call are currently around 16.5 per cent. rising to between 17 and 18 per cent. for two to three-month positions.

The sharp rise in interest rates generally over 1976 has had its inevitable depressing effect on both the new issue and secondary bond market and the volume of arbitrage trading has also been sensibly reduced, reflecting the risks of being left with unwanted bonds on hand. The banks also tend to view with suspicion the Treasury's new system of bond open bill auctions, seeing the high yields on such bills as a direct competitor for their own deposits.

A.R.

Banker's plan

CONTINUED FROM PREVIOUS PAGE

trial structure. Furthermore it has come to the conclusion that the best way of reducing the role of the banks is to revalue the role of financial markets—including the stock exchange, a policy which in turn presupposes creating the conditions within which companies can make profits. Significantly, Communist Party economic experts were not amused when Prime Minister Andreoetti's minority Christian Democrat Government increased the flat rate tax on Italian dividends—a measure which virtually gave the coup de grace to an already demoralised bourse.

The Communist Party's rediscovery of the value of financial markets is part of the remarkable re-thinking of its economic policy stemming from the party's overall rejection of the Soviet model and its insistence on an "Italian road" to socialism which takes realistic account of what Italy is actually like.

Its championship of the value of entrepreneurial skills and the vital role of small and medium enterprises in the Italian context is also reflected in their attitude to the banks. They want more competition among banks and less of the present cosy cartel arrangements. It is also insisting on greater clarity in bank accounts, promotion through merit, not political horse trading as up to now at the top levels, greater sensitivity to the credit needs of small and medium enterprises, an end to tax-farming arrangements through the banks and freedom of banks to fail like any other enterprise—although it recommends arrangements to protect depositors.

The net result of the Communist Party's apparent conversion to the virtues of free market forces and competition has been to re-create in Italy the conditions for a serious effort to tackle the present deep-rooted structural defects of the system. It remains to be seen whether the fullest advantage will be taken of the opportunities which the present political convergence represents.

A.R.

The Executive's and Office World

EDITED BY JOHN ELLIOTT

PLOYEE BENEFITS

BY DRYDEN GILLING-SMITH

How a package could provide the right answer

IS TAX deductable for ...nployer, provides an ...ee with something he ...in any case buy out of ... salary, is not affected by ... Code and is not taxable ...n employee receives it?

...answer is the perfect ...ee benefit. It is some- ...executives, particularly ...rning over £8,500 a year, ... spend an increasing ... of time trying to find. ... benefit exists, but in ... number, and it is there- ...orth pointing out that ...n imperfect benefit on ...ome tax is paid may be ...ole if it is not caught by ... Code. In fact, a num- ...uch items, acceptable to ...and Revenue, may in ...te be worth a substan- ...ount.

...re were to be a prize ... benefit idea of the year, ...6 award might go to a ... at the recent Institute ...onnel Management con- ... who recommended that ...rs should give many ...ople one of the better- ... newspapers. On the ... of this an executive ...ncel his newspaper and ...er £37 per year — the ...nt of a £63 increase in

...ssumes a standard rate ... earning £63 gross, pay- ...2 in social security con- ...s and £22 income tax ...r to be left with £37 ... an 83 per cent. ...l rate taxpayer the ...s the equivalent of a ...ary increase.

...dditional benefit to the ...r in buying newspapers ...gazines for employees ... than paying extra ...ns that the employer ...he employee's social ... contributions on salary ...on such items of expen- ... The employer's social ... tax will go up to 10.75 ... of relevant earnings ... 1977, and to 12.25 per ... April, 1978—unless an ...r is contracted out of ...stle's scheme. The ...l employer plus ... contribution will ... be 19 per cent. up to ...ings ceiling which is ... be at least £7,500 by

...reases

... standard rate taxpayer ...ombined increases in ...curity taxes mean that ...ril 1978 it will cost an ...r £191 to arrive at an ...al £100 net-of-tax. The ...es to nearly £6,000 to ... the 83 per cent. person ...hom no incremental ...curity contributions are ...) with an extra £1,000. ... this arithmetic makes ...ng reading for the em- ...it does underline the ...at many current re- ...ion practices are waste- ...he employer. The pre- ...ation on pay may prove ...g in disguise to many companies if it forces them to learn the lesson of cost-effective remuneration. This means starting with the idea of a total remuneration package made up of salary and benefits in such proportions as would give each employee as far as possible as much of what he wants at the lowest cost to the company.

Some employee benefits are taxable as if they were salary and it is sometimes argued that in such cases it is better to pay extra salary rather than to provide benefits. This argument is often proved incorrect. Take, for example, a BUPA medical insurance scheme where the company pays all the contributions. These contributions are taxed as income in the hands of the employee. If the employee were buying the same level of BUPA cover anyway, the alternative to a company scheme is to pay the employee enough extra salary to buy the benefit himself.

While there are relatively few perfect employee benefits it is possible to put together other benefits which have been allowable by the Inland Revenue for many years and which together add up to something worth a substantial amount

First, the rates for company contributions to BUPA are substantially lower than are individual rates. It would not be unusual in a large experience-rated scheme for an employer to pay £100 for cover that would cost the employee £200. The choice between BUPA as a benefit and paying the extra salary needed to buy the same level of BUPA cover is as follows. The employer pays £100 as a benefit upon which the employee has to pay £35 tax (assuming him to be on standard rate). It would require the employer to pay a further £68 to provide the employee with the £35 to pay the tax costs, thus making the total cost to the employer £168.

If on the other hand the employee buys the benefit himself it will cost him £200, and, as we have seen, it will cost the employer £382 to get £200 into this employee's pocket. It is therefore £214 cheaper to go along the benefit route even though the BUPA discount itself only amounts to £100.

If the Pay Code prevents an employer from giving employees additional remuneration in the form of BUPA membership he can make them pay for it by taking a cut in salary. In the example given the employee who gives up £100 in salary to offset his employer's £100 payment to BUPA would be immediately better off to the tune of the other £100 thus released from otherwise committed income.

The changes on company car tax are a matter of major concern and it has even been argued that company cars are no longer a worthwhile benefit. It has been estimated that company cars account for about 65 per cent. of the U.K. car market. The car is valued as an inflation-proof form of remuneration. If the cost of providing the company car goes up by 25 per cent. then the value of the car portion of the employee's total remuneration will increase by 25 per cent. even if the other income is frozen by the Pay Code. The employee does not need to negotiate a gross increase sufficient to pay this 25 per cent. increase.

Until the 1976 Finance Act the tax on a company car was subject to negotiation between the employer and the local tax inspector and depended on the proportion of private and company mileage and on how much of ancillary expenses, petrol, etc. was paid by the employer.

Liability

In future the tax liability for the vast majority will be fixed by the cubic capacity or the price of the car. A new XJ6 is treated as a £500 addition to salary and taxed at the top marginal rate. For an 83 per cent. person this means a £3,000 pay rise would be needed.

But there are ways of adapting to the new situation. It is possible to halve the tax bill by opting for a four-year-old Rolls-Royce instead of a new Jaguar. If the employee is taxed at the same level regardless, then the employer should provide everything in the way of petrol and ancillary expenses. If an employee drives 9,000 private miles a year in his XJ6 he will probably use £500 worth of petrol. If the employer pays this it will compensate for the tax bill provided that it is done in the right way. The petrol must not be bought by the employee and claimed for on expenses, because it will then have to be justified as necessary expenses to the Inland Revenue.

The only snag about company cars is that they are a capital-intensive benefit for the employer in a cash-hungry world. Furthermore only 25 per cent. of the employer's annual expenditure on cars is eligible for corporation tax relief in year one, with 25 per cent. on a reducing balance basis, each year thereafter. Again, this obstacle can be overcome.

The easiest way of getting large sums of actual cash into the pockets of executives without being caught by the Pay Code—and by the tax bonus as well—is to offer an employee a second job under a separate contract of employment with one of the company's overseas subsidiaries or associates. One quarter of his overseas salary is then tax free.

The overseas company is not subject to the U.K. Pay Code. Work done for the overseas company must be carried out abroad and must be different from normal duties. Incidental back-up work for the overseas job can be done in the U.K. It is necessary to tie up the service contracts properly and to be punctilious about observing the niceties of the rules.

It is necessary to check out the tax rules of the country of the second job. Where a U.K. company sends executives on a number of trips in the course of a year to a number of different overseas subsidiaries it is a good idea to make the subsidiary in one location the employing company for all those with second jobs. This central employing company should then make appropriate charges to the other companies in the group. The exercise requires specialist handling and therefore control from a single location cuts operational costs and reduces the risk of expensive errors.

Loans are a benefit often assumed dead but they were not killed by the 1976 Finance Act. It is still worth getting a house mortgage of up to £25,000 at 0.25 per cent. or in fact at any rate below the going rate. The difference between the amount paid by the employee and the market rate is not imputed as a taxable benefit in kind. Loans for other purposes are taxable; the difference between the rate paid and the rate which the Inland Revenue deems to be the going rate is treated as an addition to your taxable income.

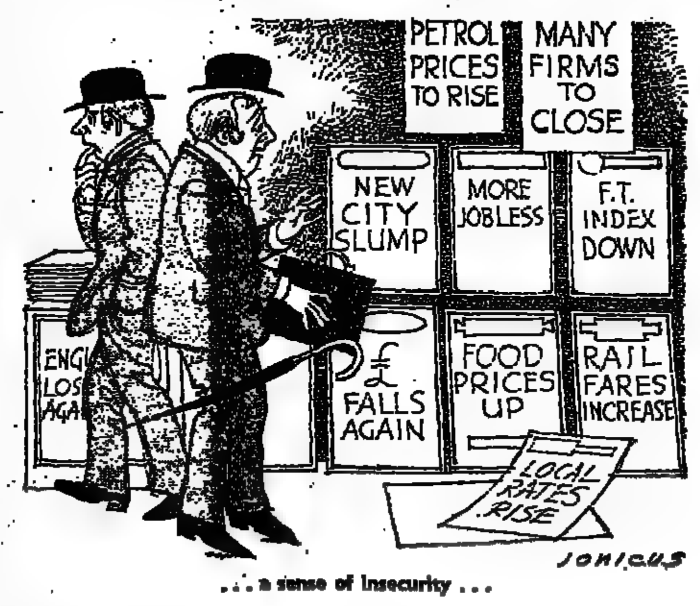
The loan may, however, be worth having for two reasons. First, it may not be possible to borrow the money elsewhere without security. Second, it is probable that there will be a continuing difference between what the Inland Revenue treats as the going rate and the rate that the employee would actually have to pay at the present time. If it would cost 18 per cent. or 19 per cent. to borrow, but an employer lends £20,000 at 1 per cent. and the Inland Revenue declares a going rate of 12 per cent. and the employee is taxed on the difference between 1 per cent. and 12 per cent. he is still getting a worthwhile benefit from his employer. Furthermore the difference between 12 per cent. and the rate payable in the market is a tax-free benefit.

The author is managing director of Employee Benefit Services (ESB Management Ltd.).

EXECUTIVE HEALTH

BY DR. DAVID CARRICK

Stress symptoms reappear



. . . a sense of insecurity . . .

THE EXPERIENCED mariner, having navigated his vessel through a hurricane, is not deceived by the sudden calm which could engender false optimism in the novice, for the expert knows that he is merely in the eye of a typhoon which will soon blow again with added ferocity.

Such has been the situation with stress-reactions of the British. During the amazingly fine summer months there was a marked reduction in disorders associated with stress. Whether this was due solely to the sun or whether the Parliamentary Recess had anything to do with it, one cannot tell. But now that winter is muttering menacingly and the politicians are prattling, the winds of stress are rising rapidly.

These stress-reactions take several forms. At their worst they produce in the patient a state of great agitation. His pulse is very rapid, he sweats profusely, he sleeps fitfully and then suffers nightmares, he feels sick and is dyspeptic; and, on top of a chronic anxiety, come episodes of pure panic: all these are symptoms and signs of adrenaline bombardment such as he might suffer if chased by a bull.

Much more commonly the symptoms are far less clear-cut and severe. Fatigue of a leaden type which is not in the least relieved by sleep: headaches of a dull, muzzy form; aches and pains of a bizarre nature that are totally unrelated to known physiological or pathological patterns; phobias about serious diseases; marked irritability in men and inexplicable weeping fits in women: these are some of the pieces that make up the jigsaw of stress-reactions. But before these evidence themselves a notable increase in genuine physical disorders, such as sore throat and skin complaints occur like spray blown before the rising wind.

Save in unstable individuals, stress-reactions do not arise from single causes. They are the result of cumulative forces. Thus, building on top of the constant factor of the national crisis, come the burden of increasing prices, domestic problems and, most malignant of all, a sense of insecurity.

Humans need and desire discipline, for discipline, when maintained by a good leader upon whose words and actions the followers can depend, is a comforting bastion. If parents quarrel and give opposite directions to their children and break promises for good or bad, they cannot expect stable offspring. In larger families, such as academic or commercial organisations, vacillation from above is a most pernicious stressor. If, for example, a man is told that, most unfortunately, the economic situation has brought about his dismissal, and that every effort will be made to help him, he is acutely shocked. But acute conditions usually mend quickest. If he is told or given the impression that he will probably have to go but that it is not impossible that he may just be lucky, then he goes away and loses sleep and efficiency and is well on the way to an anxiety state.

Lastly, if the big family—the population — loses confidence in its various leaders; is asked to sacrifice for ever without any promise of better things to come; is entombed in a system wherein merit and effort are rewarded less even than fecklessness and sloth: then one can expect the very psychological disorders to rise as rapidly as the barometer falls when the eye of the hurricane is closed.

And so long as the ship enters the turmoil with a committee at the helm instead of a captain, and that committee quarrels among itself, the chances of remaining afloat depend on a miracle which could happen even if undeserved.

Management Game

By Michael Dixon

BECAUSE of a late rush of inquiries about the 1977 National Management Game, the list of applications which was due to close last Friday, has been extended for a further week until November 19.

The extension will make no difference to the timing of the contest, which will start the first of its rounds played by post in the New Year and end with the £1,000 final in London next summer.

Requests for entry forms should be sent to Jack Layzell, National Management Game, Victoria House, Southampton Row, London WC1B 4EJ—telephone 01-242 7806.

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MONDAY, NOVEMBER 15, 1976

Housebuilding in trouble

THE NEWS that the inflow of building society funds has *dropped marginally despite* the recent rise in interest rates is not surprising. Since the Building Societies' Association took its decision to impose record interest rates, the sterling crisis has dictated yet another rise in commercial rates, so that the societies are still unable to attract interest-sensitive deposits. The Government's large funding needs leave little room for any early hope of improvement.

If the authorities continue to rely on fixed interest securities for the bulk of their funding, any decline in rates must be slow. If they turn in part to floating-interest or to indexed securities, they will more *powerfully attract those who turn to* the societies at present for capital security, or as a medium for long-term savings. At the same time, any further rise in building society rates would further depress the sum which any first-time buyer could afford to borrow. Unless the societies themselves devise forms of housing finance better adapted to an era of rapid inflation, the shortage of funds may prove persistent.

At a time when the housing market is already acutely depressed—the industry has recently forecast private sector starts at a mere 130,000 next year, and some builders fear that the total may be a great deal lower—such news will naturally provoke calls for some assistance to the industry, or to the buyer. The public sector certainly cannot take up the industry's spare capacity directly—on the contrary, the effort to cut public spending further is bound to bear on this industry in particular. Nevertheless, there is a strong case for leaving ill alone for the time being.

Not a famine

First, the shortage of mortgage funds is by no means a famine. Rising interest rates increase the societies' income from borrowers, much of which is retained; and the monthly net increase in their funds is not nearly so unstable as the monthly flow of new external deposits. The financial situation has in fact stabilised the average price of houses bought with mortgages for about six months now, a reflection partly of a depressed market and partly of trading down by buyers. However, it is increasingly difficult for the building industry to compete with the values offered in the market for second-hand houses, which remains well supplied.

One remedy

There are two reasons for this, and neither strengthens the case for any artificial aid to the industry. First, the demographic demand for housing is low, and is unlikely to recover much before the early 1980s. Second, the industry is still trying to hang on to the high relative prices which it imposed during the construction boom three years ago. Since 1972, construction costs have risen 10½ per cent. more than costs in the economy in general; and the major cause is wage rates, which have risen no less than 26 per cent. more than average. The industry and its labour force have simply been pricing themselves out of the market. To-day's housing market is constrained in cash terms, and public budgets are governed by cash limits. One remedy to the shortage of work is in the industry's own hands.

The industry may also complain that it is a victim of the appalling mess which housing finance has become over the years. But the mess has been created largely by efforts to resist the normal laws of the economy in the interests of one group or another, and its reform now raises issues far more important than next year's programme for an industry whose capacity is by nature highly elastic. If the present crisis provokes some determination to tackle the underlying problems, the benefit in future years will be far greater than that offered by some thousands of houses which may not get built in 1977.

Mr. Brezhnev heads for Belgrade

IT WAS clearly no coincidence that the EEC Commission should have announced only days before the arrival in Belgrade this morning of the Soviet leader, Mr. Brezhnev, that it was examining ways of improving its relations with Yugoslavia. For though the health of President Tito gives no cause for immediate concern, his recent liver complaint, which put him out of action for over a month, and his age, 84, are reminders that the continuance of Yugoslavia's non-aligned foreign policy is of major importance to the stability of Europe.

Although there have been signs of greater toughness in Marshal Tito's internal policies, his foreign policy is not in doubt, especially after his performance at the recent summit of non-aligned countries in Colombo. But the EEC's initiative has come not a moment too soon, because Yugoslavia's present difficulties, particularly on the economic front, are in danger of forcing her into a deeper relationship with the Soviet bloc, whether she likes it or not.

Warnings to EEC

Yugoslavia's foreign trade has never properly recovered from the import restrictions, particularly on meat, imposed by the EEC three years ago.

Exports to EEC countries have stagnated, and as a result her ability to import from them too. The Soviet Union and its allies were not slow to take advantage of this situation and raise their trade to a level which now marks a significant reorientation of Yugoslavia's foreign economic relations. *In only* three years the OECD countries' share of Yugoslav trade has dropped from 62 per cent. to a half, while that of the socialist countries has risen from 28 per cent. to well over a third, with the Soviet Union taking over from West Germany as the largest trade partner, accounting for a sixth of total turnover.

Throughout this period Belgrade passed warnings to the EEC of what was happening, but its messages fell on deaf end to impose severe import curbs. Naturally, Yugoslavia's non-aligned position prevented her from publicly drawing the obvious conclusion, but officials in Belgrade frequently said they would prefer to trade more with the West because it was the traditional partner, and the source of the best technology.

As it turns out, the Russians appear to have made little headway in their attempts to consolidate these gains in the political field, though their interpretation of last summer's Berlin conference of European Communist Parties, the last occasion on which Marshal Tito and Mr. Brezhnev met, was somewhat different from that made elsewhere. Whereas Western newspapers stressed the right enshrined in the conference document for Communist Parties to chart their own course forward, the Soviet Press made much of the fact that Communists, including Yugoslavia, had identified common goals and put their names to the same piece of paper. The Yugoslavs subsequently differed publicly with the Russians over what the document meant. Nevertheless, official visits by the Soviet leadership to Belgrade are sufficiently rare (the last was in 1971) for the Kremlin to claim with some justification that they mark milestones in Soviet-Yugoslav relations.

Response needed

It is possible that these relations have so far reached no more than one of the cyclical highs that have long characterised them without bringing about any qualitative change. *But in view of the marked* alteration in Yugoslavia's economic circumstances and her evident desire for better relations with the EEC, which unlike the Russians she has never refused to recognise, it is clearly important that Brussels should respond suitably and soon. Yugoslavia does not want closer political relations; that would go against non-alignment. But closer economic co-operation in the broadest sense would go a long way towards helping that country maintain her care-

Christopher Lorenz examines the proposed new cuts in telephone exchange equipment spending

A fault on the Post Office lin

Terry Kirk

Workers leaving the Standard Telephones and Cables factory at New Southgate, North London.

THIS AFTERNOON Mr. Eric Varley, the Industry Secretary, will plunge into the row over the Post Office's plan to cut its orders for new telephone exchange equipment by £220m.—by almost a third—over the next three years.

Together with the three junior Ministers who will join him in meeting top management from the Post Office, its three main suppliers, and the trade unions, Mr. Varley certainly welcomes any voluntary move to cut public spending—which is what the PO's plan amounts to in national economic terms—especially when it is based on an improved method of planning. Hence the Government's initial acceptance of the need for the P.O. cuts.

One of the many surprising things about the affair is that the Industry Department appears not to have expected such an outcry from the P.O.'s suppliers and their unions, when they learned the news last Monday. Yet their reaction was entirely predictable. Twelve months ago, they received an unprecedented blow when, with Prime Ministerial support, the P.O. cut last year's orders by 40 per cent, and this year's by 25 per cent. But this summer, they thought the worst was over, after nine months of issuing thousands of redundancy notices throughout the country. Apart from the likelihood of a few small adjustments to the P.O.'s programme, they had hoped they could return to a gradual rundown in manufacture of traditional electro-mechanical exchange equipment—and therefore of their labour forces—as the P.O. shifted to new, semi-electronic designs in accordance with its long-term modernisation programme.

Now, out of the blue, they face what is virtually a repeat exercise, though it is spread over a longer period and the reasons are different. This time, they have to thank the introduction of a much more accurate P.O. planning system, whereas last year the cause was more straightforward: a slump in public demand for telephone services caused by the economic recession and soaring P.O. charges.

Transformation to electronics

There is still no agreement about what the latest cuts would mean in terms of lost jobs in the factories; the P.O.'s estimate of 10,000 over the next three years could be right, but may prove too low. Some unions fear 15,000 lost jobs within two years. Last year's cuts and the transformation of the industry to electronics (which has been planned since 1972) cost the three main suppliers, GEC, Plessey and Standard Telephones and Cables, almost 15,000 jobs in the year to September, leaving them with 61,000 employees. But there are still at least another 3,000 to go before last year's impact is fully written off. This 61,000 includes the transmission and subscribers' apparatus sides of their business; the combined size of their employment on exchange equipment is just over 40,000, so if the unions are correct, this may be cut by another 38 per cent. within three years, with redundancies again playing the major part. Another crucial difference of opinion is how soon the new cuts would bite: the P.O. says not until 1978, while the companies say within six months.

For the first time, the P.O. is cutting its programme for new electronic equipment, but far less sharply than for the old-fashioned electro-mechanical types: Strowger, and two variations of crossbar. This is inevitable if the telephone network is to be modernised according to plan, but it means that the brunt of the redundancies will fall on Liverpool, Coventry and development areas in the north-east and Scotland, which already have extremely high levels of unemployment.

One reason for the uncertainty is that the manufacturers have not been given enough detail, nor time, to assess the impact on each company, let alone each individual plant—which is what the local unions want to know.

The companies are still angered by the way the cuts were announced. In the past, they have been given time to plan, but on this occasion in the words of one senior executive, the procedure was "cavalier." Apart from being given only the most cursory description last Monday of the P.O.'s new planning techniques—the cause of all the trouble—they discovered the news was to be given to the unions by the Government only an hour later, and a public announcement was *made only 3½ hours after the* whole procedure began.

Mr. Varley's Department later admitted this procedure had been adopted on its own initiative, rather than that of the P.O. The unions had asked the Department for a meeting to discuss the previous cuts, so it was felt it would be only polite to tell them of the new ones. Whatever the justification, the companies felt it was not the sort of action to enhance the Government's reputation for understanding the processes of industrial planning—one of the main planks in its policy of "industrial regeneration."

Apart from the unusual way in which the news was handled, the key issues in the dispute are the validity of the P.O.'s new planning techniques, why the cuts should be spread over little more than three years, and what can be done to moderate either the cuts themselves, or their impact.

DETAILS OF THE P.O.'s LATEST SWITCHING ORDER PLANS

(June 1976 prices; reduction from April forecast)

	1976/7 £m.	1977/8 £m.	1978/9 £m.	1979/80* £m.
Strowger	39(−3)	10(−36)	10(−34)	10
Plessey/GEC crossbar	33(−4)	25(−19)	25(−19)	25
STC crossbar	6(no cut)	6(no cut)	6(no cut)	6
Intl. Exchanges	20(no cut)	—	—	—
TXE2 (small semi-electronic)	21(no cut)	19(−3)	19(−3)	19
TXE4 (large semi-electronic)	64(no cut)	86(−11)	94(−21)	111
Telex	1(no cut)	6(no cut)	1(no cut)	3
TOTAL	184(−7) (−3.7%)	152(−69) (−31%)	155(−77) (−33%)	174(−67) (−28%)

* No forecast for 1979/80 given in April; total cut estimated.

Like other nationalised industries the P.O. has come under heavy fire in recent years for the continual—and substantial—changes it has made in its business forecasts, which have a great impact on both consumer prices (through its charges) and employment in the private sector (through its equipment orders). As The Financial Times explained on September 29, much of this criticism is unjustified when the effects of poor economic forecasting by the Treasury are considered and also the uncertainty about how consumers would react to the return of economic pricing in much of the public sector.

But this does not diminish the reluctance of the P.O.'s suppliers and their unions to accept that the new P.O. way of calculating its equipment requirements is any more accurate than the old—in which it also expresed confidence at the time.

One of the most angry protests of the suppliers is that if the new calculations are not wrong, then those of the past (based on different techniques) must have been. Some of them also complain that if the new system had been applied in the early seventies, the P.O. would never have had a case for ordering the semi-electronic TXE4 exchange design (which is still unpopular in parts of the industry). Also it would not have been able to justify allowing Pye and—to a lesser extent—Thorn-Ericsson (both substantially foreign owned) to enter the market.

Management mistakes

In essence, the suppliers complain that the P.O. is now trying to dump the entire fruits of its past management mistakes into the laps of private industry and its employees.

The arguments about TXE4 and the new companies are complex, and the P.O., and several unions, would deny them.

The P.O. refutes the argument that, if the new techniques are accurate, then all its past forecasts were wrong. Explaining why development of the new system did not start until 1973, the P.O. says that in the late 1960s and early 1970s, as growth of its network accelerated, its planning was orientated especially towards the provision of telephone lines to subscribers. This was partly because of Government criticism about the long lists of people waiting for telephones.

The decision to develop more sophisticated methods of analysing the capacity of exchanges, and the flow of traffic through them, came with the increasing amounts being invested in exchange plant, the P.O. says: it admits that this gave it a greater incentive to ensure that its equipment was used as effectively as possible in every detail, and that waste was confined to a minimum. The year 1973-74 was the record for P.O. expenditure on new switching equipment, £357m. at June 1976 prices.

The new system, which uses computers to a much greater extent, measures traffic at 30 points within each exchange, instead of the handful covered previously, and checks are made 12 times a year, instead of only twice. What the P.O. found from this more sensitive analysis—the figures were completed just over six weeks ago—was that telephone traffic was only slightly lower than it had previously calculated (nearly 2 per cent.), but that its exchanges could handle far more calls than earlier thought.

Of the two sides of the equation, the lower traffic figure is of lesser importance; the P.O.'s latest forecasts of traffic growth are virtually unchanged, so trunk traffic, for example, is expected to be about 2 per cent. lower in 1980 than previously forecast (3.34m. calls instead of 3.40m.).

The simplest way of expressing the results of its new analysis is that the P found far more over-cap its existing exchanges had thought. To those who complain about co congestion of its equ when they try to make the P.O. replies that co on STD calls (always higher than on locals) h cut steadily since 1970-7 4.3 per cent. calls fail to congestion, to a level 0.7 per cent. so far th Scepticism should be te by the fact that this is a figure, and that London are not as good.

The question the un particular, will ask Mr. to-day is why the over- problem should be reso little more than three it has developed over period. The P.O.'s uncompromising. "We only as much equipmen need, for delivery when it."

Expenditu savings

If the Government e confirms its acceptanc cuts, by 1980 the P.O.'s will have made mo redundancy payment several thousand m ployees will be drawi security. There has e a suggestion from the that it might be cheape nation to keep them by some artificial me to put them on the is always extremely d prove such a case, and not aid the manu efficiency.

There will be seve ments set against the to moderate the cuts, ing forward future P. First, there is very lit ger equipment to brin anyway, as the table s the same applies degree to crossbar, be emphasis from next ye so heavily on TXE4. the P.O. is offering public expenditure b before 1980, and by £120m. between then (expenditure savings a longer period than because of the time-la order and delivery).

However good the rent profitability ma moderation of the c reduce the proporti remaining £900m. programme which it internally, and would the burden on the pu borrowing requiremen

Another suggested a short-term increas ports, is even less rea in other, long-cycl goods industries, British Strowger and systems are now old in international term. Varley's dilemma is domestic one. Politic aside, the most that ably be expected afte out debate is a repe "moderation" of l cuts, which totalled million pounds and more than a cosmetic

MEN AND MATTERS

Pressing the Masai into trousers

"He keeps choking over 'My Lords'!"

A new campaign has been started in Kenya to try to force the primitive Masai to wear trousers. These tall, proud ochre-smeared nomads stride through Nairobi carrying spears and wearing red shukas, or blankets, which, when the wind blows, can sometimes reveal the Masai in all his splendid nakedness. Middle-class Kenyans who wear trousers to a man are shocked. Masailand has two MPs, one, John Keen, says: "The time has arrived for the Masai to turn to trousers, get more civilised and send their children to school." The other MP, Stanley Oloitiptip, is defending the Masai's right "to wear or not to wear trousers." Keen has now compromised slightly and has engaged a Nairobi fashion designer to "make a simplified form of dress for the Masai, easy to wear, easy to clean, and cheap." This dress is being unveiled at Keen's farm next month to thousands of shuka-wearing, spear-wielding Masai. It should be the fashion show to end all fashion shows.

Enter into the controversy the powerful tourist industry, which thinks the idea of putting the picturesque Masai into trousers would be a killer for tourism, which earned Kenya more than £35m. last year. "Every American who comes to Kenya wants to see the Masai first and a lion second, in that order," says one tour operator. "And they want to see the Masai as he is, certainly not in trousers." Keen (who is not in tourism) ripostes: "The Masai are people, not museum exhibits."

in Tanzania where President Nyerere campaigned to get his Masai into trousers, with little success. There are some 200,000 Masai, spreading across the Kenya and Tanzania border, who still wander with their vast herds of cattle as they have always done. They drink milk mixed with blood, practise male and female circumcision and are inveterate cattle raiders, believing that God gave all cattle to them. But he did not, clearly, provide trousers.

Bexon of Sohio

Standard Oil Company of Ohio (Sohio), British Petroleum's American affiliate and partner in developing the Alaskan North Slope oil field, is a changing company. Its interests are being broadened from the marketing and refining bias as fold: under the Justice Department-blessed deal between the two companies in 1969, BP's stake in Sohio will rise from a quarter to 54 per cent. when throughput down the Trans-Alaskan oil pipeline reaches 600,000 barrels a day.

Revenue from the Alaskan venture will give Sohio a launching pad to venture more deeply into oil and gas exploration and development, the intimate concern soon of a 50-year-old Briton, Roger Bexon. He is leaving his job as managing director of BP Exploration and chief executive of BP Petroleum Development to become a senior vice president of Sohio, responsible for all "natural resource activities." As well as oil and gas exploration, this includes coal and uranium production.

It will be the 11th time in 25 years Bexon has had to pack up and move to an overseas post. His career began just after the war with an oil exploration and production company in Trinidad. BP acquired the business in 1957, and Bexon was shifted around smartly: to East Africa as field manager in 1958, to Libya as operations manager in 1959 and back to Trinidad as field manager in 1961.

From 1964, he was in London for four years, first as technical representative for Middle East activities then as manager of North Sea operations. Between 1968 and 1970 he was general manager in Libya. Now comes the shift to Sohio's headquarters in Cleveland. Bexon should stay put for a while this time. "I don't see this as a short-term appointment," he says.

Playback

Richard Nixon may have been enthusiastic about coming under the David Frost magnifying glass (Frost's interviews screened by BBC next spring) but he seems less than keen to be a recording star. His battle to stop the White House Watergate tapes hitting the record shops is currently dragging through the courts with the last round having gone to front runner, Warner Records.

Warner is keen to get the tapes out into the market, charging $13-$16 for a two-disc pack with commentary and accompanying brochure, and a library edition of all 23 hours of tapes which would be sold on a non-profit basis to schools for around $23 (isn't education a wonderful thing?)

Warner will not get exclusive rights but has been in the forefront of most of the legal scrapping. Nixon has argued that putting out records would be an intrusion of privacy. "People might play them at cocktail parties," a supporter is reported as complaining. Warner argued that what could be heard in court by the public, read by anyone in the paper-back transcripts, and seen in excerpts on TV, should surely be available on record.

The Washington District Court of Appeal has agreed and Warner is now cock-a-hoop. Nixon, however, is now heading for the Supreme Court. "We may know within two weeks, or three months," says Warner, uncertainly but optimistically. An interesting precedent perhaps: how about readings from the Poulson letters some time?

Travel news

Harsh brickbat for British Rail spotted scrawled on a Southern Region hoarding:

"Make the going sleazy,
And the slumming back."

Observer

...ere is a strong case for the U.K. to ask its allies to share its defence burden, but **Malcolm Rutherford** finds that it is not being made.

Ways of cutting Britain's Nato costs

...TISH Government has ...able case for going to ...allies and asking them ...ver some of its defence ...ire. The case is ... in international ...n precedent, and in the ...onomic situation. Yet ...is not being put.

... the Government is ... in another of those ... with West Germany ...foreign exchange costs ...ining the British Army ...hine, which have been ...ent and acrimonious ...f Anglo-German rela... almost the past 20 ...l is showing no sign of ...arned from the lessons ...st.

... lessons may be ...up as follows:

... Germans are usually ...elp, but will resist any... smacks of a return to ...n costs. The problem ...put in a wider perspec-...

...sh threats of with-...r, as a Labour back-... put it last week, ...he screws on and say-... German Government: ...up, or else!" — are not ... The Germans know ...not just for the defence ...ny that British troops ...ir territory.

...t settlements on a ...basis offer at best a ...solution and at worst ...ging both to Anglo-... relations and to the ...alliance as a whole.

... oddest thing of all ...the possibility of a ...etting into economic ... and needing outside ...eet its obligations was ...n the founding treaties ...lliance. The relevant ...ave been resorted to ...th by the British and ...icans, but there has ...ndication of this hap-pening this time when the problem is incomparably worse.

Article three of the North Atlantic Treaty says: "In order more effectively to achieve the objectives of this Treaty, the Parties, separately and jointly, *by means of continuous and effective self help and mutual aid*, will maintain and develop their individual and collective capacity to resist armed attack." (My italics.)

That may seem innocuous in itself, but it was the basis of repeated American demands for the Germans to take over more of the defence burden in the 1950s and '60s. Indeed in 1957 the German Government gave the U.S. an official Note explaining its own interpretation. We interpret Article three to mean, it said, that "discussion on mutual aid can be taken up at any time."

Restoration

In the British case, however, there is another agreement which is even more specific. It is to be found in the Protocols of the Revised Brussels Treaty of 1954. The original Treaty was signed in 1948 as a defensive alliance between Britain, Belgium, France, Luxembourg and the Netherlands. Revision became necessary when the plan for a European Defence Community, which would have included West Germany and Italy but not Britain, broke down. The British, who had effectively sabotaged the plan by refusing to join anything so supranational in character, were nevertheless dismayed by its failure, and Mr. Anthony Eden, then Foreign Secretary, reacted by calling the 1954 London Conference which was designed to achieve some of the same things by different means.

The Conference led to the restoration of full sovereignty to West Germany and its admission to Nato, the conversion of the Brussels Treaty Organisation into Western European Union with Germany and Italy as members, and a British commitment—subject to certain reservations — to maintain troops on the European mainland.

The British commitment—and the reservations—were made in remarkably prescient terms. Under Protocol two Article VI, the Government undertook to maintain four divisions and the Second Tactical Air Force on the Continent and not to withdraw them against the wishes of the majority of the treaty parties. But there were two let-outs. The undertaking was not to be binding "in the event of an acute overseas emergency" and the Article goes on "If the maintenance of U.K. forces on the mainland of Europe throws at any time too great a strain on the external finances of the U.K., she will invite the North Atlantic Council to review the financial conditions on which the U.K. formations are maintained."

Thus the possibility of payments difficulties was foreseen, and provided for, at the time the original commitment was made. Moreover, the provision was quickly made use of. In 1958 Britain was authorised to reduce its land forces in Germany to the present level of 55,000 men and, by appealing to Nato, secured the first of a series of bilateral agreements partially offsetting the foreign exchange costs. The Germans consented to make three annual payments of £12m., to deposit £50m. in advance for future arms purchases and to repay prematurely £22.5m. of post-war debt.

Such agreements became a regular feature of Anglo-German and German-U.S. relations, but it was clear from the start that there were difficulties. As early as 1960 the Bonn Foreign Minister, Herr Heinrich von Brentano, said flatly that Germany rejected the direct payment of troop costs for both political and psychological reasons. Then he added an escape clause: "But for us the support of the dollar is as important as our own security." In other words, if the demands for troop costs could be presented in some other way—for example, as a request to support the international monetary system—then Germany was prepared to be helpful.

At the London Conference, 1954: Anthony Eden, then Foreign Secretary, with German Chancellor Adenauer and Pierre Mendès-France, the French Premier.

The other factor which made continued offset agreement possible was the German need to buy equipment for its armed forces abroad, especially in the U.S. Part of the foreign exchange costs of keeping troops in Germany was simply met by German arms purchases. By the early 1970s, however, it was becoming clear that this device could not be used indefinitely. The German forces were already well equipped, the Germans were developing their own arms industry, and many of the large armaments projects were in any case multilateral.

It was against this background that in 1971 Mr. Edward Heath concluded what was intended to be the last of the Anglo-German offset agreements. It was to run for five years and made no pretence of covering the 80 per cent. or so of foreign exchange costs that had been customary in the past. The Germans made five annual payments of DM110m. (about £12.5m. when the agreement entered into force, but more than double when it expired in March this year), and an unquantified pledge to place civil and military orders in the U.K. Thereafter, the theory was, the British economy would have recovered and there would be so many collaborative projects in the armaments field that the whole idea of offset payments would have become obsolete.

What has happened in practice is that the costs of maintaining British troops in Germany have steadily advanced and there have been few, if any, compensations. The foreign exchange costs alone were estimated at £413m. a year in the British Defence White Paper last March. By now, given the continued fall of the pound, they must be closer to £600m. At the same time, despite successive defence cuts, Britain continues to spend a larger proportion of its GNP on defence than do its main Nato allies, including West Germany. Nor can this any longer be explained by extra-European commitments, which now account for only a fraction of British defence expenditure.

Collaboration

The benefits from collaborative projects have also yet to appear. The chief of these is the Anglo-German-Italian Multi-role Combat Aircraft (MRCA). It was announced in the House of Commons last week that the costs had risen by "only" 40 per cent. in real terms: the project is way behind schedule and there is no sign yet of it leading to the promised European armaments industry. In the equally important field of tanks the main Nato collaboration is likely to be between Germany and the U.S., and not between the Europeans. There is sufficient mutual benefit here for the Americans to have accepted —at least for the time being —the German insistence that U.S.-German offset agreements are a thing of the past.

In these circumstances, the case for the British Government going to Nato and seeking a redistribution of the defence burden is overwhelming. Such a recourse would demand a long-term review and there would be no solutions overnight.

There are several possible ways in which the Government could proceed. One would be specifically to include defence in the talks with the Germans and the Americans over a British loan. Previous German-U.S. offset agreements, after all, have set a precedent for this. Another would be to seek to persuade the Germans—through the Alliance—that their present defence expenditure is incommensurate with their position as a world economic power. The German Navy, for instance, is minute, yet the Germans are at least as dependent as the British on keeping open the sea routes between Europe and North America. At present, some 70 per cent. of Nato's immediately available maritime forces for this task are supplied by Britain alone. Could the Germans not do more?

A third approach would be to put some urgency into the talks on a European Defence Industry, if necessary by reviving the idea of a European Defence Community, as the Dutch Defence Minister, Mr. Henk Vredeling, has recently been suggesting. None of the approaches is in any way mutually incompatible, though each would involve giving more weight in the Alliance to West Germany.

It is possible that this is precisely the objection—that Britain is unwilling to cede political and military influence to Bonn. Yet it would be no more than a recognition of reality, an acknowledgement that the shift of economic power in the Alliance needs to be matched by a shift in the European leadership. The alternative is a continuation of Anglo-German disputes with the Germans perhaps paying something in the end, but never enough to solve the problem, and the British spreading their resources so thin in an effort to keep up commitments that the whole Alliance will suffer.

Letters to the Editor

...Church ...ant

...P. James.

...e live in strange times ...d must learn to expect ...t almost anything, but ...n of England's espousal ...sed shop must still be ...shocking a few people. ...ry of 800 years of ...or religious emancipa-... not seem to have ... present Synod much.

... told by psychiatrists ...best way of handling ...o keep busy with the ...ctical matters arising ...situation. For example, ...he question of which ...on the Lords Spiritual ... since they will obvi-...n to practise what they ...

...ice must be carefully ...ause it cannot be un-...hey could not form a ...y union under present ...ey become dissatisfied ...r first choice—that is ...idered disorderly and ...us. Neither could they ...tions within the TUC ...f the Bridlington Rules ...ich no bishop can com-...ce these are only a ...pplication of the Tenth ...ment).

... ordinary clergy the ... quite simple: they are ...y supervisory in func-...e Association of Scien-...nical and Managerial ...ready made for them. ...ps themselves, as direct ...atives of management, ...me difficulties. Under ...op arrangements they ...essarily all belong to ...r. Many will, logically, ...wards the Institute of ... but it is not certain ... would appeal to those ...ief in the church mili-...literal. Of the craft ...he Carpenter's might ...d itself for sentimental ...rical reasons, but few ...will have served the ...renticeship these days, ... unions are very strict ...se things.

...ound

...ily leaves the general ...ns. The National Union ...c Employees sounds ...t not quite right. There ...the catch-all Transport ...eral Workers, which ...ve them the sort of ...e they are used to, but ... in the final analysis, ...too earthbound.

...se there will be a temp-... form their own union ...start, but like all temp-...his must be resisted. ...ause it would be small ...ers, drawn from em-... one firm, and subordi-... the guidance of their ... a Union of Bishops ...s unlikely to obtain ...n as an independent ...on under the Employee ...Act, 1975. Second, ...t did get recognition, ...es of being accepted ...TUC would be next to ...he while the Church ...nd remains established.

...y round this would be ...l membership to em-... similar status in other ... An immediate snag ... is that the obvious ...uch a union—The Ecu-... Trade Union—reduces ... which is already in ...escribe Mr. Chapple's ... organisation.

...e the small problems ...se when the right to ...is replaced by com-...p associate. Fortun-...n it comes to the big-...ems — such as what to ...dissenting bishops—the ...tory of the Church of England provides most of the precedents necessary.

P. A. James,

The Oast House, Whetsted Farm, Five Oak Green, Tonbridge, Kent.

Life business commission

From Mr. T. Layborn.

Sir,—The implications of the Life Offices Association's unpublished decision to grant the power to small life assurance companies to pay rates of commission in excess of the normal scale are more serious than is suggested in Eric Short's article of October 30. Had this been a general power given to all members of the association to reward those introducers of business who gave support or who undertook a greater than usual amount of the work involved, I would have agreed with the decision.

Four of the companies mentioned, however, are young, having commenced to transact life business only during the last 15 years. With the recent succession of failures fresh in our minds the wisdom of the Life Offices Association in giving small life companies only—especially those that because they are relatively young are likely to have high expense ratios—the power to pay higher than normal commission must seriously be questioned. Does the association now guarantee the solvency of its members?

In the past the Life Offices Association (in conjunction with the Scottish Life Offices) has from time to time imposed limitations on the extent to which its members may exercise their individual judgment. As an individualist I am always concerned about limitations on individual freedom. I do accept that in certain situations restriction may be justified.

I do, however, think it is wrong when restrictions, having been made, are relaxed in such a manner as may encourage excessive spending among those members who may be least able to afford it and particularly when the relaxations are kept secret.

T. A. E. Layborn.

15, Heath Rise, Kersfield Road, Putney Hill, S.W.15.

Merits of mergers

From the Managing Director, Chesham Amalgamations and Investments

Sir,—Mr. Dauris (November 10) does not take the argument about the merits of mergers any further. Contradicting Mr. Geoffrey Owen's arguments without evidence scarcely justifies judgment that most mergers are bad. Large corporate mergers may not always produce the efficiency and improvement expected of them but this may apply to mergers between minnows as well.

Agreed mergers of medium size businesses have in the main been beneficial on the basis of the ratio of net profit to assets as shown in the combined companies' performance in the years after the merger. The statement that the cost of an extra tier of management will counteract any advantages of mergers in medium size business is really untenable and uninformed. I would have thought mergers called for no extra management tier, on the contrary they often allow perfectly adequate but frustrated second line management to produce improved returns after the shedding of the previous top management talent.

One further point: public opinion about mergers has swung so far the other way now that the burden of proof in respect of public quoted companies lies very heavily on the bidder. In some instances, the stage has been reached where the constraints lie so heavily on the bidder that poor management in the company bid for is able to defend its position easily, and hence retain their sinecures to the detriment of all concerned. Is Mr. Dauris really advocating management immobility in companies?

Philip A. Lovegrove,

36, Chesham Place, S.W.1.

Ownership of a company

From Mr. M. Greener.

Sir, — Mr. Michael Ivens may well be correct in stating (November 11) that we live in a "blurred society," but he does little to rectify this distressing state of affairs by making rather extravagant claims which can only increase the extent of the "blur."

His statement that "a company belongs to the people who own it, and its Board should be elected by its shareholders," is in itself a contradiction, for it appears to equate "owners" with "shareholders" without even attempting to define either category. What is more important is the fallacy contained in the implication that shareholders elect the Board. As Mr. Hartley Withers, the one-time editor of the Economist, pointed out many years ago, the Board of directors is more of a self-elected and self-perpetuating oligarchy and that the average shareholder has as little say in its composition as the voter does in the staffing of the Foreign Office. Personally, I believe that the individual shareholder's "property rights" in a public company are best compared with the lone punter's ownership rights in the horse he backs. Neither shareholder nor punter are interested in anything but the chances of making a profit on an event which they can observe but over which they have no control.

What is far too often forgotten is that a public company is the "steward" of an asset composed of years of accumulated skills and enterprise contributed for the greater part by persons no longer alive. This tends to paint it less as an asset in which any particular person or group of persons has "property rights" than a sort of national heritage in which the general public has the greatest interest.

Michael Greener.

9, Romilly Park, Barry, Glam.

Post Office suppliers

From Mr. R. Pontefract

Sir,—The Post Office may be guilty of bad planning (November 10) but this equally applies to the suppliers who have been caught napping for example in the supply of PABX equipment to private users.

They have allowed a computer supplier to pick up 40 per cent. of their market. This supplier has not only been operating in their market for four years in the U.K. but was also operating for several more years in Europe. In spite of this long "warning," it is only this year that the U.K. suppliers have widely recruited staff (systems analysts, etc.) in an effort to offer competition some time in the future. Meanwhile they are trying to import North American devices to help plug the gap they should have foreseen.

Any industry involved in making small electro-mechanical systems which is not ready with a stored program replacement is liable to run into difficulties from up-to-date competition.

R. M. Pontefract.

Elvington Hall, York.

Bedford railway electrification

From The Chief Executive (Railways) British Railways Board.

Sir,—I can assure Mr. Roger Calvert (November 11) that the £80m. scheme to electrify the line between St. Pancras/Moorgate and Bedford was not justified solely on the grounds of the journey time saved, although in relation to total time taken, the savings are significant.

The Government studied our proposals for a year and asked a great number of searching questions before giving the go ahead at a time when Ministers are looking for cuts in public expenditure rather than the reverse. The reason that the scheme has such a high priority is that unless the signalling and rolling stock is renewed, emergency steps would have had to be taken within the next year or so to keep the services operating. Some of the signalling on the line is over 50 years old and the rolling stock is worn out. Out of the £80m. total to be spent over the next six years, £27m. will go on replacing the signalling and on track works, and £22m. on renewing the rolling stock.

The new service will offer tremendous advantages in comfort and reliability as well as savings of, for example, about 14 minutes on a 53 minute journey from Luton to King's Cross. It is not possible to get a better performance from the existing life-expired diesel multiple units and designing and building a new DMU would be both expensive and impossible of achievement much before 1984 at the earliest. Financially, electrification was proved to be the better option.

Mr. Calvert questioned whether anyone wanted to go to Moorgate outside the peak hours. One of the main benefits of the scheme is the creation of a new interchange between King's Cross (widened lines) and King's Cross underground, offering West End access to both peak and off peak passengers, and at a station where most of the passengers arriving change onto another form of transport.

British Rail share his anxiety to press ahead with other urgent schemes and none of those he listed have been lost sight of in our planning. In fact electrification to Moorgate brings us within half-a-mile of a link-up between Southern and London Midland Regions via Blackfriars, which is Mr. Calvert's first priority. Electrification to eliminate mixed working on the Manchester, and Liverpool to Preston and Colchester to Harwich lines is in our programme for completion by the early 1980s if the schemes, when submitted, are authorised.

The other routes mentioned by Mr. Calvert — Birmingham/Lichfield/Burton-on-Trent, Liverpool/Manchester, Glasgow/Edinburgh — involve metropolitan counties and priorities for transport investment have to be decided in conjunction with their total transport needs.

D. M. Bowick,

222, Marylebone Road, N.W.1.

To-day's Events

GENERAL

Prime Minister speaks at Lord Mayor's Banquet, Guildhall.

EEC Foreign Ministers begin two-day meeting, Brussels.

OPEC Economic Commission expected to meet and prepare detailed price recommendations for its Oil Ministers, Vienna.

EEC Commission and Japanese Government officials meet in Brussels to discuss imbalance of trade between Community and Japan.

Mr. Eric Varley, Industry Secretary, discusses proposed cuts in telephone switching equipment with Sir William Ryland, Post Office chairman, Sir Edward Fennessy, its vice-chairman, and representatives of suppliers and trade unions.

European Parliament meets, Luxembourg.

Mr. Peter Shore, Environment Secretary, opens Public Works and Municipal Services Congress and Exhibition, National Exhibition Centre, Birmingham.

CBI Northern Regional Council meets.

Norton - Villiers - Triumph adjourned annual meeting, 1, Love Lane, E.C.2.

National Union of Bank Employees' seminar on nationalisation, New Ambassadors Hotel, W.C.1.

British Paper and Board Industry Federation trade mission now in New Zealand.

Weekly unemployment, sickness and other short-term benefits increased from to-day by £1.60 for single persons and £2.90 for married couples. War disablement and war widows' pensions rise by average of almost 15 per cent.

PARLIAMENTARY BUSINESS

House of Commons: Motions on Endowments and Glebe Church Measure and on EEC document on JET Project R/2284/76.

House of Lords: Land Drainage Bill and Supplementary Benefits Bill, consideration of Commons amendments. Dock Work Regulation Bill, Commons message. Rent (Agriculture) Bill, third reading. Race Relations Bill, Commons message.

OFFICIAL STATISTICS

Retail sales (October, provisional). Turnover of motor trades (3rd quarter). Turnover of catering trades (September).

COMPANY RESULTS

C. E. Heath (half-year). Metal Box (half-year).

COMPANY MEETINGS

See Week's Financial Diary on page 29.

MUSIC

Geoffrey Saba gives piano recital of music by Bartok, Haydn, and Mozart, St. Lawrence Jewry next Guildhall, E.C.2, 1 p.m.

COMPANY NEWS

Wolverhampton Die Casting growth aims

THE UPWARD TREND in profits of Wolverhampton Die Casting Group is now firmly re-established and emphasises the improved performance resulting from the first phase of the investment programme, says the chairman, Mr. A. M. Wheeler.

The company is continually seeking ways of improving its customer service and thereby achieving higher margins for further investment.

Major re-equipment and modernisation of the factories is continuing. Its cost has partly been met from retained earnings, but mainly the company is indebted to Barclays Bank for providing medium-term finance. The balance-sheet carries a new term loan of £0.5m.

On prospects Mr. Wheeler says although demand has been maintained during recent months, there has not been any significant increase in the volume of new work. He stresses that the increase in earnings projected will therefore mainly be achieved from the continued improvement in efficiency.

It is pointed out that dependence by the group on the automotive sector has been steadily reduced in recent years, and now more than half of the castings produced go to customers in other markets.

As reported on October 20, group pre-tax profit for the year to June 30, 1976, increased from £225,129 to £409,022 on a turnover up from £6.71m. to £7.41m. The value of goods exported from the U.K. was £253,780.

Deferred tax appears in the balance-sheet at £457,000. While *future budgets may affect the* treatment of stock appreciation relief, under present fiscal legislation, the payment of taxes is unlikely to be a drain on cash resources for the next few years.

Meeting Birmingham, December 6 at 12.30 p.m.

HIGHLIGHTS

An important week for company results kicks off to-day with an interim from **Metal Box**. To-morrow takes in six month figures from **Courtaulds** and a third quarter from **Philips' Lamps and Royal Insurance** while on Wednesday **Unilever** puts out its interim results along with a third quarter statement from **Woolworth**. **Beecham's** interim is due on Thursday and so is that from **Redland, Wedgwood and Land Securities**.

Myddleton Hotels set to expand

The chairman of Myddleton Hotels, Mr. A. C. Hornsby tells shareholders that the group is in a strong financial position to expand from a sound base.

The falling value of the pound can have positive advantage as far as tourism is concerned, *says the* chairman, and with this in mind, the future of the company can be viewed with confidence.

For the year ended June 30, 1976, profits before tax improved from £130,501 to £223,318. Turnover was up *from* £2.41m. to £2.61m.

These figures were produced by improved occupancy and stringent costs control, the chairman says. In addition, following the sale of the Cumberland at Eastbourne and the Sackville at Hove, there was a *significant reduction* in interest payable on the short term loan and overdraft.

At June 30, there was a reduction in net bank borrowings of £405,103 (£49,047).

Following the sale of the Coburg Hotel in London for £750,000, the company has paid off the short term bank loan and is in a strong liquid position at a time of high interest rates.

The directors are now able to pursue the policy of expansion into provincial towns of historical and architectural merit with high tourism and commercial potential.

Meeting, Burlington Hotel, Eastbourne, December 6 at 12.30 p.m.

Guildhall Properties outlook

Progress of **Guildhall Property Company** in the coming year is expected to be pedestrian, chairman Mr. R. W. Diggens tells members in his annual statement for the year ended June 30, 1976.

In the absence of unforeseen circumstances he anticipates a small increase in profit sufficient to pay the maximum dividend permitted and to leave an annual increment to the carry forward of about the same amount as last year.

The company made a pre-tax profit of £475,458 against £410,833 (reported October 22) in the year under review, and paid dividends totalling 2.1655p net per share.

A professional valuation of all properties at June 8, 1976, gave an open market value of £6,400,000.

The company is "close."

At the year end, Allnatt London Properties held 2.4m. shares and Chase Charity, of which Mr. A. Ramsay Hack, a Guildhall director, is a member of the management council, held 1m.

Scottish Met looks to 1980s

With the current review pattern of the **Scottish Metropolitan** *Property Company* continuing to show a satisfactory increase, the chairman, Mr. I. A. Walton, says he is confident that by the mid 1980s income from the present portfolio will exceed £4.5m., subject to no adverse legislation.

The policy of acquiring commercial and industrial properties throughout the U.K., with secure income, in-built growth potential and pre-let to first-class tenants, together with the fundamental principle of arranging long-term finance before entering into any commitments, enables the chairman to present a balance sheet of sound financial strength.

Some of the funds from the £4.24m. March Loan stock issue had been utilised by August 15 (the financial year end) and further sums will be used in the current property investment and development programme. At that date there remained a balance of some £3.6m., which has been deposited with the company's bankers.

As known net revenue from properties and investments for the past year was £2.63m. (£2.45m.).

Meeting, Glasgow, December 7 at 11.30 a.m.

£0.1m loss by John Stephen

For the six months to February 28, 1976, retailers of men's wear, John Stephen of London reports a loss before tax of £112,000, compared with £19,000 for the corresponding period and £222,000 for the last full year.

The directors point out that first half has been a period of change under a newly constituted Board. Further pruning of those retail outlets unable to justify the heavy overhead burden they carried has continued, along with reduction in the company's administrative overheads. Major changes in trading policy have occurred to enable the company to earn full benefits from a consumer market buoyant from tourism yet still depressed in the area of home based demand.

	Six months 1976 £000	1975 £000
Sales	[illegible]	[illegible]
Interest	30	41
Depreciation	48	[illegible]
Loss	112	19
Extraordinary debit	*28	—
Attributable loss	[illegible]	19

* Goodwill written off £16,000 and disposal of fixed assets £12,000.

In his statement of last year, Mr. J. Stephen, chairman, advised of the litigation pending against the vendors of Gary Elliott who are, *in the main*, also the holders of the 9½ per cent. unsecured loan stock in the company. As a result of the proceedings to date, repayment of the loan stock has been suspended pending outcome of the litigation. The company has quantified its claim against the defendants at a sum in excess of £1 to £2m. and it is the intention of the Board to pursue this matter as far as may be necessary to obtain a just and equitable solution for holders.

GKN REORGANISES

With effect from January 1, 1977, GKN Engineering and GKN Building Supplies and Services groups will be combined to form GKN Engineering and Construction Services with an HQ based at Redditch.

The new sub-group will comprise three operating divisions—engineering division (welding and plastics machinery companies); construction services division (foundations, scaffolding and other service companies) and a contracting division.

R. Goodwin looks to exports

SOME MARKETS are depressed, but an increase in both product lines and sales force mean that R. Goodwin and Sons (Engineers) can look forward to further expansion during the coming year, chairman Mr. J. Goodwin tells members in his annual statement for the year ended April 30, 1976.

He expects exports in the coming year to exceed one-third of total production, and although the current business climate is not conducive to capital investment, the directors have every confidence in British industry being competitive in world markets.

In view of economies made during the past year, the company intends to make further expansions which will involve them in capital expenditure approximating £300,000. The directors hope to finance this from own resources.

In the year under review, the company's direct exports amounted to 22 per cent. of production. Pre-tax profit rose from £258,151 to £280,590 (reported October 13), which Mr. Goodwin says does not compensate for the decrease in monetary value during the period. Strenuous efforts were made to reduce stock levels, he adds.

Due to a downturn in the automobile industry, the engineering division suffered a fall-off in orders which resulted in some redundancies. Refractories, chemical and foundry divisions were kept busy, and the sales of these divisions were helped by the German subsidiary.

The company is "close."

Meeting, Brassington, Derbyshire, December 8 at 2.30 p.m.

Exports growth at Mentmore

Announcing a repeat order for markers from the Swedish co-operative organisation, Mr. Christopher Andrews, chairman of Mentmore Manufacturing Company, disclosed that total export orders for the Platignum pen division of Mentmore, were up in Scandanvia by 312 per cent. over the previous nine months of last year.

The latest order for Ko-Op, Sweden, for 1.4m. markers is additional to the order for nearly 3m. received in January, 1976.

Freddie Mansfield

Mr. Alex Page, chairman of Metal Box, which is to-day due to announce results for the six months ended September 30, 1976.

Lanca recovery—to apply for re-listing

MANUFACTURERS and wholesalers of handbags, Lanca, is resuming dividends with a payment of 0.65p net for 1975—the last payment was 1p for 1971—and the directors have opened negotiations with The Stock Exchange with a view to an application for re-listing.

Turnover increased from £1.14m. to £1.4m., and pre-tax profit recovered from £29,785 to £83,830. Earnings per 20p share were up from 2.71p to 7.34p.

During the current year an increased demand for U.K.-produced handbags has given rise to an upturn in manufacturing, and both the U.K. manufacturing companies are making a greater contribution to group profitability, the directors state.

However, despite the fall in sterling, margins in the manufacture of handbags from synthetic materials compare unfavourably with similar imported products. The directors have every confidence in the future.

	1975 £	1974 £
Turnover	1,395,1[illegible]	1,141,[illegible]
Pre-tax profit	83,830	29,785
Taxation	4,332	—
Extraordinary credit	—	28,[illegible]
Net balance	79,[illegible]	58,[illegible]

Although liquid resources strengthened with a further £77,000 improvement in net current assets, there still remains a substantial adverse balance on P and L account, with its diminishing effect on shareholders' funds, the directors state.

They consider it a matter of priority to redress this balance in order to stimulate future marketability of the company's shares.

Slater Walker Trust merger

Unitholders in Slater, Walker Britannia High Income Trust and Slater, Walker Extra Income Trust have been sent details of a scheme of amalgamation for these two trusts.

Subject to the approval of the scheme by unitholders of both trusts at meetings to be held on December 17, the two trusts will be merged and Slater, Walker Extra Income Trust will continue to be an authorised unit trust scheme.

The scheme is the tenth in a planned programme of mergers of funds with similar investment objectives which, following Slater, Walker Trust Management's acquisition of the management of the Jessel Britannia, and the National Group of unit trusts, are being under-taken throughout 1976.

FT Share Service

The following securities have been added to the Share Information Service:—

Moran (Christopher). (Section: Insurance). PMA Holdings. (Section: Industrials (Misc.)).

Spencer Gears sees increase

Growth of Spencer Gears (Holdings) is mainly dependent on an increasing volume of orders from the brewery industry, chairman Mr. F. W. Forbes tells members in his annual statement for the year ended June 30, 1976. Current indications are that this *increase in business will continue* for some time.

Immediate prospects for the general engineering companies are not so promising, he warns, but the overall results of the group should continue to grow.

After a disappointing first half last year, the group experienced a recovery in the second half owing to a large increase in orders for the companies supplying the brewery industry, which resulted in a 58 per cent. increase in pre-tax profit, up from £111,614 to £176,087 (reported October 22).

The level of activity in engineering remained disappointingly low, says Mr. Forbes, and the general engineering subsidiaries continued to operate below capacity. In contrast, Southern Industries (Croydon) and Southern Industries (Coolers), the two subsidiaries making beer raising and dispensing equipment, operated at full capacity and offer good prospects for growth.

Net inflow of funds during the year was £114,334 against a net outflow of £49,899.

Low & Bonar ups bid for H. P. Gregory

The Low and Bonar Group is increasing its original cash bid of $A1.05 for Sydney-based engineering group H. P. Gregory and Co. to $A1.15 cash.

The transaction will involve the acquisition of 2,316,046 shares of 50 cents. The revised bid would mean a total cash outlay of $A2,663,453 (£2,017,767). The funds will be provided from existing Low and Bonar resources and by borrowings in Australia.

The improved offer has been made in the light of an increased bid from Falkiner Holdings of $A1.13.

When the original offer was made, the Board of H. P. Gregory indicated that it was in favour of the proposed take-over by Low and Bonar.

W. W. Ball's £½m investment plan

ESSEX-BASED plastics and engineering group W. W. Ball and Sons has recently installed or placed orders for about £½m. of moulding machinery and ancillary equipment. Seven machines of the most modern design, costing about £300,000, have been ordered from Concord Plastics Machinery, for the injection moulding division.

Two of these machines are already in production and the balance of the order is expected to be in production progressively through the early part of 1977.

Two large compression moulding machines are also due to commence production in early 1977, while an 800-ton Bone Cravens injection moulding machine which moulds parts up to 10 lbs. in weight, has already been installed and is in production. This substantial capital investment will greatly enhance the Ball profit capability.

The company has gone through the recent economic gloom with regularly increasing profits and the current year ending September, 1976, will prove yet again its ability to maintain this forward progress.

Order books are at a high level and Mr. J. E. Ball, chairman, has stated that he looks forward to the future with great confidence given reasonable trading conditions.

Each of the Prefer[ence shares] of £1 each has bee[n converted] into one Ordinary sha[re] the issued capital we[nt up] by the issue to the [com]pany of a further 200,[000] shares for cash. The fully paid up capital at £1m.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims: Arbuthnot Latham, Ash Spinning, Clement Clarke, Dundonian, Great Portland Estates, C. E. Heath, LCP, Metal Box, Seccombe Marshall and Campion, Shellabear Price.

Finals: Berry Trust, Yorkshire and Lancashire Investment Trust.

FUTURE DATES

Interims:	
Braby Leslie	Nov. 22
Brickhouse Dudley	Nov. 24
Chalmers (E.)	Nov. 18
Fertleman (B.)	Dec. 9
GEI International	Nov. 16
Lee Cooper	Nov. 25
Lockes (Thos.)	Nov. 23
National Carbonising	Nov. 18
Finals:	
Associated Engineering	Dec. 16
Borthwick (Thos.)	Nov. 18
British Industrial & Invest. Trust	Nov. 16
Lancaster (D. M.)	Nov. 16
Scottish Investment Trust	Nov. 25

Souther[n] India's recover[y]

Shareholders in Sou[thern India] Tea Estates are adv[ised by the] Board to reject the 3[...] offer from Travan[...] reasons given are t[hat it] does not reflect the [...] company and that it [...] at a time when Sou[thern] is planning to intro[duce] participation. The [...] reached agreement [...] with Indian interes[ts of] questionable stan[ding and] integrity" and docum[ents are cur]rently being drafted [for submis]sion to the Reserv[e Bank of] India for conside[ration and] approval.

As reported on N[...] group pre-tax profits [of Southern] India Tea for the [year to] February 28, 1976, [rose] from £39,994 to £867[...]. Mr. E. Hadsley-Chapli[n] reports that in the las[t ...] tea prices have ris[en substan]tially, which couple[d with] stabilisation of costs [has] produced to date s[...] turnround in the tra[ding] of the group's o[...] India.

The chairman fee[ls that the] recovery will facilita[te the grant]ing of permission by [the Reserve] Bank for the [...] scheme and w[...] accountants and lawy[ers are] working together wit[h] representatives of [...] participants, to obta[in approval] of the scheme in t[he next] few months.

The tea crop for [the period] March 1, 1976, to S[...] was up from 898,077 [...] kgs., of which 857,4[...] kgs. has been sold a[t an average] price of Rs. 9.77 (Rs. [...]).

Crane Fruehauf

Crane Fruehauf, which recently forecast pre-tax profits of £1.4m. for the year ending January 1, 1977, in defence against the bid from Fruehauf Corporation—since referred to the Monopolies Commission—is expecting to produce "substantially" better profits next year. The forecast is contained in a letter to shareholders from chairman, Mr. L. H. Allwood, advising them to take no further action with regard to the now lapsed Fruehauf Corporation bid.

CAPITAL INCREASE BY NZI (U.K.)

New Zealand Insurance Company (U.K.)—a wholly owned subsidiary of New Zealand Insurance Company — has increased its authorised capital to £2m. by the creation of 1m. Ordinary shares of £1 each.

صلحاً من الأصل

Impending dividends timetable

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming Board meetings (indicated thus*) have been officially notified. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent. shown in the column headed "Announcement last year." Preliminary figures usually accompany final dividend announcements.

	Date	Announcement last year
....	Nov. 17	Int. 12.3%
....	Nov. 27	Int. 8.5% §
...bers	Nov. 25	Final 58.5%
...lfour	Nov. 25	Int. 7.4%
... Bk.	Nov. 24	Int. 9½%
...anks	Dec. 3	Int. 12%
...ving	Dec. 16	Final 16.4%
...pers	Nov. 23	Int. 9.1%
...ision	Dec. 11	Int. 11.4%
...king	Dec. 2	Final 7.7%
...kins	Dec. 13	Int. 4.6%
...land	Nov. 23	Int. 8%
...gton	Dec. 2	Final 15.8%
...o.)	Dec. 11	Int. 4.8%
....	Nov. 18	Int. 16.1%
... W.)	Dec. 18	Final 21%
...onal	Dec. 17	Final 9.3%
...ith	Nov. 18	Int. 16.6%
....	Nov. 25	Final 10.4%
...ley	Nov. 16	Int. 5.3%
...up	Dec. 16	Final 8.6%
....	Dec. 18	Int. 9%
...ns.	Nov. 16	Int. 15.4%
...oup	Dec. 18	Int. 13.4%
....	Dec. 17	Final 12.9%
....	Nov. 18	Int. 12%
... Tst.	Nov. 30	Int. 11%
....	Nov. 17	Int. 4.3%
...nl.	Nov. 23	Int. 6.5%
....	Dec. 13	Int. 6.2%
....	Dec. 1	Int. 11%
....	Nov. 25	Int. 6.9%
....	Nov. 25	Final 6.6%
...res	Dec. 4	Int. 13.1%
...)	Dec. 11	Final 23%
....	Nov. 23	Int. 15.8%
...n	Nov. 8	Int. 2.3%
....	Dec. 12	Int. 4.8%
...cas	Dec. 10	Int. [illegible]
...ney	Nov. 26	Int. 7.7%

	Date	Announcement last year
K Shoes	Dec. 9	Final 7.9%
*Land Secs.	Nov. 18	Int. 4.6%
*Lister	Nov. 12	Final 9.8%
*Lloyd (F. H.)	Nov. 17	Int. 8.2%
Lloyds and Scottish	Dec. 11	Final 15.1%
*London and Northern	Nov. 16	Int. 7.7%
LRC International	Dec. 16	Int. 16.1%
Lyons (J.)	Dec. 8	Int. 3.1%
*Metal Box	Nov. 15	Int. 8.1%
Mitchell Cotts	Dec. 4	Final 14%
National and Commercial	Nov. 27	Final 8.7%
Northern Foods	Dec. 11	Final 9.4%
Pegler-Hattersley	Dec. 12	Int. 15.7%
Pilkington Bros.	Dec. 4	Int. 6.7%
*Powell Duffryn	Nov. 23	Int. 7.7%
Proprietors of Hays Wharf	Nov. 27	Final 4.8%
*Rand Selection	Nov. 19	Final 66%
Ranks Hovis	Dec. 3	Final 8.5%
*Ransome Hoffmann	Dec. 9	Final 11.9%
Renold	Nov. 26	Int. 3.8%
*Rexmore	Nov. 23	Int. 6.8%
Rothmans International	Dec. 16	Final 7.4%
*Serck	Dec. 14	Final 8.3%
*600 Group	Nov. 25	Int. 9.2%
*Sketchley	Nov. 23	Int. 6.8%
Stand. Chartd. Bank	Dec. 2	Int. 10.4%
Scottish and Univl. Invs.	Nov. 26	Int. 12.4%
*Selection Tst.	Nov. 18	Int. 30.8%
Sketchley	Nov. 24	Int. 6.9%
Swan Hunter	Dec. 2	Int. 4.6%
*Tesco	Nov. 24	Int. 12.7%
Trafalgar House	Dec. 17	Final 16.1%
Tunnel	Nov. 27	Int. 9.3%
Unigate	Dec. 19	Int. 6%
*Unilever	Nov. 17	Int. 22.3%
*Unilever NV	Nov. 17	Int. 14.8%
Whessoe	Dec. 11	Final 18%
Woodhead (Jonas)	Dec. 12	Int. 10.8%

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

Public Works Loan Board rates

Non-quota loans B are 1 per cent. higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Equal repayments. Effective from November 13, 1976.

	Quota loans repaid by EIP†	by ER‡	at maturity	Non-quota loans A* repaid by EIP†	by ER‡	at maturity
....	14¾	15	15½	15¾	15¾	15¾
... to 10	15¼	15½	15¾	15¾	15¾	16¼
... up to 15	15¾	15¾	16	16¼	16¼	16¼
... up to 25	16	16½	16½	16½	16¾	16¾
....	16¼	16¼	16½	16½	16¾	16¾

London tea sales

... sales held in London last ... packages sold realised an ... of 106.32p per kilo compared ... 88.64p at the previous sales ... 81.90p a year ago. Plain teas ... at 84p.

	No. of kilos	Average per kilo
...nd Prod.	61,425	119p
....	7,419	121p
....	51,735	128½p
....	35,531	109p
....	41,670	122p
....	3,032	125p
....	17,381	78½p
....	2,787	118p
....	16,940	102p
....	8,387	126p
....	33,481	133p
....	37,801	113½p
Eastern Assam	31,[illegible]	122p
Imperial	3,578	123p
Janatha	397,371	86p
Jokai	72,664	132p
Jorehaut	8,431	126p
Kenya T. Co.	39,228	125p
Kenya T. Dev.	11,883	130p
Land Reform	1,776	84p
Majuli	18,579	114½p
Moran	78,285	129p
Pabbojan	67,854	123p
Singlo	37,973	122p
Sri Lanka S.P.	370,666	86p
Thanai	17,357	126p
Tingri	13,295	127p
Upper Assam	60,061	125p

Stocks at November 5 amounted to 47,752 metric tons, compared with 60,198 metric tons a year ago. Converted at 48,360 kilos per package.

Poor order situation in German steel

VOELKLINGEN, Nov. 14.

...ERKE Roechling-... said it and Roechling ...ach Weiterverarbei... will extend short-time ... until end-1976 due to ...r order situation, ...rly for low carbon ...

...company said 3,700 ... will be affected this ...d 10,000 in December ... total 21,500. It added ... will close the Voel... and Saarbruecken-... plants from December ... year-end.

...mpany, jointly owned ... Acieries Reunies de ... Eich Dudelange SA, ...embourg, and the ...med Roechling Indus...verwaltung of Saar... said crude steel ... in this year will be ...975's 2.4m. tonnes.

...to DM431.4m. in the third 1976 quarter, 12.2 per cent. less than in the second quarter, and raw steel production fell to 734.070 tonnes from 840,000, the company said in a provisional third quarter survey published in its works magazine, reports Reuter from Düsseldorf.

It said orders have fallen since the summer for its pipe-making subsidiary Mannesmannroehren Werke AG and third quarter turnover was 6 per cent. less than in the previous three months.

The company said full quarterly figures are expected at the beginning of next month.

* *

...ann AG gross sales ...n and steel sector fell ...

Sumitomo Electric

Sumitomo Electric Industries has announced an after-tax profit of Y1.08bn. in the first half ended September 30 (Y802m.) on gross sales of Y120.60bn. (Y101.59bn.) Dividend is Y2.50 (unchanged), Reuters reports from Tokyo.

RECENT ISSUES

EQUITIES

Issue Price	Amount Paid Up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price	Amount Paid Up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Good results from Barlow

BY RICHARD ROLFE

JOHANNESBURG, Nov. 14.

THE SOUTH AFRICAN industrial and mining group, Barlow Rand, has reported remarkably good results for the year ended September 30 which testify to the advantages of activities largely geared to the capital and infrastructure sectors of the economy.

Turnover rose from R.921m. to R.1068m. and pre-tax profits from R.112m. to R.141m. But the tax charge was considerably higher, increasing from R.35m. to R.51m. Of this, about R.2m. was due to the higher tax rates imposed in the Budget, but the rest came from a changed mix of income, particularly on the mining side.

Barlow's net attributable profits were up from R.64m. to R.73m. and earnings per share reflecting 3m. more shares in issue at the year-end from 65 cents to 72 cents. The final dividend is up one cent at 17 cents, to make the total also one cent higher at 24 cents, rather better than the half-time forecast of a maintained payment. The shares at 250 cents yield 8.2 per cent.

The 60 per cent. owned mining arm, Transvaal Consolidated Land, contributed R.10m. for about 14 per cent. of Barlow's net attributable profits. Its tax bill was sharply higher from R.3.5m. to R.10m., as dividend income from its gold interests such as Harmony fell while asbestos royalties and earnings of the coal and chrome subsidiaries were higher. Hence the parent company's higher tax.

Barlow appears to have anticipated correctly the recessionary trends in the economy and made a major effort to achieve high liquidity. The balance-sheet is expected to show a reduction in stock and debtors relative to turnover.

For the current year, unchanged earnings at the key divisions such as Caterpillar look about the best that can be expected. But a continued strong rise on the mining side, particularly the coal, may enable some further overall progress to be made in earnings.

Handelsbanken launches new savings scheme

BY WILLIAM DULLFORCE

STOCKHOLM, Nov. 14.

SVENSKA Handelsbanken, one of Sweden's two largest private commercial banks, is launching a new inflation-hedging savings scheme for depositors. Deposits in a "share account" will be transformed monthly into holdings in a share fund duplicating the full spread of the Stockholm stock market.

The scheme is based on the controversial index funds operated by some American banks. Handelsbanken claims to be the first to introduce it into Europe but, whereas the main target for the American banks' index funds is the private pension fund market, Handelsbanken is offering the idea to individual savers.

The theory behind the scheme is that the stock market itself is "efficient" and that the efforts of most professional fund managers to beat the market average fail. The best way to maximise returns relative to risk is to invest in a widely diversified share portfolio, to cut expenditure on share analysis and to trade as little as possible, it is argued.

The Swedish bank is proposing to rename its Koncentra investment fund, which has a stock portfolio currently worth some Kr.60m. (£8.7m.) "Handelsbanken's share fund" and to reshape it to fit the scheme.

It will offer investors two types of holding in the fund, the A series which will pay an annual dividend into the holder's ordinary account, and the B series in which dividends will be re-invested in the fund.

It is advising savers to retain their holdings at least three to five years. Handelsbanken calculates that management costs will be as low as 0.5 per cent. of the fund's market value.

CEM gets 6% stake in Alsthom

By John Wicks

ZURICH, Nov. 14.

THE BOARDS of management of Sie. Electro-Mechanique and Alsthom-Atlantique have ratified the outline agreement foreseeing the takeover of the CEM plant at Le Bourget by Alsthom-Atlantique. According to a communique issued by the Swiss engineering concern Brown Boveri, which controls CEM, the latter company will receive a 6 per cent. stake in the Alsthom-Atlantique share capital, which will be increased for the purpose. At the same time, an agreement will be signed between Brown Boveri and Alsthom-Atlantique allowing the French company to use Brown Boveri technology for turbines and generators of over 100 MW. CEM itself will continue as a major member of the Brown Boveri group after divestment of the Le Bourget plant, at which steam turbines, generators, condensers and feed-heaters are manufactured.

Money and Exchanges

Bank of England Minimum Lending Rate 15 per cent. (since October 7, 1976)

Short-term fixed period interest rates fluctuated rather nervously last week and for a long period the money market was undecided whether Minimum Lending Rate was likely to be cut at Friday's Treasury bill tender.

Rates had fallen sharply at the end of the previous week, following the postponement of the call for special deposits and this left discount houses buying rates for three-month Treasury bills below the level that would normally indicate a reduction in Minimum Lending Rate.

Bill rates remained below the critical level of 14¼ per cent. for most of the week, but an upward trend in interest rates on Thursday suggested that the market may have been having second thoughts about a cut in Minimum Lending Rate. It is also doubtful whether the authorities would have welcomed such a move. A little over two weeks ago the market was contemplating the possibility of a substantial rise in interest rates.

An unchanged Minimum Lending Rate finally came as no surprise on Friday. At the Treasury bill tender the average rate of discount fell by 0.0398 per cent. to 14.2544 per cent.

One-year local authority bonds were placed during the week at par with a coupon of 14⅝ per cent., to offer a yield 1 per cent. lower than the previous week's batch.

Day-to-day credit was generally in short supply. The extremely large assistance given by the authorities on Monday included very large loans, overnight to seven or eight discount houses. Small official loans to one or two houses relieved a shortage on Tuesday, and no intervention was required on Wednesday.

A small surplus may have been left to be carried over from Wednesday, since applications were to be taken for two new gilt-edged issues on Thursday and this may have led to a shortage of credit if the issues were a success.

Applications were somewhat disappointing however, and the credit shortage on Thursday was only moderate, which the authorities relieved by purchases of Treasury bills and local authority bills.

Large assistance was given on Friday, by moderate purchases of Treasury bills and local authority bills, and moderate lending over the week-end to five or six houses.

Sterling showed little change overall. It closed at $1.6265-1.6275 on Friday, a fall of 10 points on the week. There was little adverse reaction to the trade figures or the retail price index.

At the beginning of the week sterling was depressed by fears that the public sector borrowing requirement for the next financial year may be £2bn. higher than the original estimate. Signs of higher inflation, following publication of the wholesale prices index, also weakened the pound, which fell 1.20 cents on Monday to $1.6155-1.6165.

Hopes of a successful conclusion to the loan negotiations with the International Monetary Fund helped to support sterling over the next two days and it touched a best level of $1.6395-1.6415 on Wednesday.

Opposition to spending cuts by a large group of Labour MPs and fears of possible industrial action by dockers, following the defeat of the docks Bill in the House of Commons, led to a decline on Thursday and the pound closed at $1.6235-1.6245.

Sterling's depreciation since the Washington Currency Agreement, as calculated by the Bank of England, widened to 46.3 per cent. from 45.9 per cent. on the previous Friday.

Gold gained $8¾ to $135¾-136¼, after an active week. Good commercial and speculative demand was reported as the market became more confident that the metal had recovered from its recent low levels. The closing level of $136-137 on Wednesday was the highest since mid-January.

Nov. 12 1976	Sterling Certificates of deposits	Interbank	Local Authority deposit*	Local Auth. negotiable bonds	Finance House Deposit	Company deposits	Discount market deposits	Treasury bills ⊕	Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	14¾-15	—	—	—	14⅞	14½-15	—	—	—
2-days notice	—	—	14¾-14⅞	—	—	—	—	—	—	—
†7 days or 7 days notice	—	14¾-15	14⅞	—	15¼	—	14¾-14⅞	—	—	—
One month	15-14[illegible]	14[illegible]-14[illegible]	14⅞	15⅛-14½	15⅛-15½	—	14½	14⅛	14⅞	15⅜-15¼
Two months	14⅞-14¾	14¾-14⅞	—	15-14½	15⅛-15⅛	—	14¼-14⅜	14[illegible]	14[illegible]	15¼
Three months	14¾-14⅝	14⅝-14¾	14⅝-14¾	15-14½	15⅛-15⅛	—	14¼	14[illegible]-14[illegible]	14[illegible]	15¼-15
Six months	14⅛-14	14⅛-14[illegible]	14¼-14⅜	14½-13¾	14¾-15¼	—	—	—	15¾-15½	15¼-15
Nine months	14-13⅞	14-14⅛	—	14½-13⅞	14⅝-15¼	—	—	—	—	—
One year	14[illegible]-13¾	13¾-14⅛	14¼-14⅜	14½-13⅞	14½-15¼	—	—	—	—	—
Two years			14½-14⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice others seven days' fixed. *Long-term local authorities mortgage rates nominally three years 14¼-14¾ per cent.; four years 14½-14¾ per cent.; five years 14⅝-14⅞ per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅞ per cent.; four-month trade bills 15¼-15 per cent. Approximate selling rate for one-month Treasury bills 14[illegible] per cent.; two-month 14[illegible]-14[illegible] per cent.; and three-month 14[illegible]-14¼ per cent. Approximate selling rate for one-month bank bills 14[illegible]-14[illegible] per cent.; two-month 14[illegible]-14[illegible] per cent.; and three-month 14[illegible] per cent.; one-month trade bills 15½-15⅜ per cent.; two-month 15⅜ per cent.; and also three-month 15¼-14⅞.

Finance House Rates (published by the Finance Houses Association): 14 per cent. from November 1, 1976. Clearing Bank Deposit Rates for small sums at seven days' notice 11 per cent. Clearing Bank Base Rates for lending 14 per cent. Treasury bill average tender rates of discount 14.2544 per cent.

FOREIGN EXCHANGES

Nov. 12 1976	Bank rate %	Day's Spread	Close
[illegible]	[illegible]	[illegible]	[illegible]

OTHER MARKETS

	Notes Rates
[illegible]	[illegible]

GOLD MARKET

	Nov. 12	Nov. 11
[illegible]	[illegible]	[illegible]

EURO-CURRENCY INTEREST RATES*

Nov. 12 1976	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W. German mark	Swiss franc
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FORWARD RATES

	One Month	Three months
[illegible]	[illegible]	[illegible]

SPECIAL DRAWING RIGHTS RATES

	Nov. 12	Nov. 11
[illegible]	[illegible]	[illegible]

EXCHANGE CROSS-RATES

Nov. 12	Frankfurt	New York	Paris	Brussels	London	Amsterdam	Zurich
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MINING NOTEBOOK

Uranium threads show among the gold

BY LODESTAR

IT USED to be silver threads among the gold. Now the threads are uranium. And the gold is no longer fading, quite the reverse in fact. The turn-round in the bullion price has indeed been so strong and healthy looking that it is already inspiring some expensively glossy brokers' circulars surveying the prospects for South African gold shares.

The uranium enthusiast must continue to look mainly to this market or to Canada for investment outlets rather than to Australia which still lags sadly behind in the great nuclear race.

True, it took a tiny totter forward last week with Government permission for the export of uranium from the country's sole producer, Mary Kathleen.

But this was a forced move and was quickly trodden on by the leaders of four big trade unions who confirmed their continued opposition to the mining and export of uranium.

The move was forced because at present Mary Kathleen is having to borrow from the U.K. in order to fulfil its overseas contracts and that source is drying up.

Moreover, the Australian Government itself will be having to fork out uranium from its stockpile next year to meet the export commitments of Peko-EZ (Ranger) and Queensland Mines (Nabarlek) which at best are hardly likely to be in production before 1980 and in any case will require more contracts before the big capital outlays would be justified.

Where this leaves Pancontinental (Jabiluka) and Western Mining (Yeelirrie) remains shrouded in uncertainty.

Meanwhile, in South Africa last week's report here that Harmony has resumed spot sales of uranium has been officially confirmed. The amount is believed to be 220 tonnes and the price $40 a pound. The shares have risen from 240p to 295p and could go higher if the gold price continues to behave well.

Buffels' (780p) could be added to the gold-uranium shopping list, but one word of warning about a "hot" uranium tip, the Anglo American Corporation's Afrikander Lease quoted at 145p-155p. Buyers should be wary of the new shares (10p-15p premium) for technical reasons connected with the blocked rand.

The R3.2m. (£2.26m.) of new funds is needed to investigate the feasibility of establishing a mine, a study that should be completed in the second half of next year.

Unless customer finance can be found more money will then be needed to take the property to production, say by 1980. In the meantime, the shares are likely to be a popular uranium speculation.

Gold Fields

There must be some smug looks in the Boardroom at 49, Moorgate where Lord Erroll now presides. Back in August Consolidated Gold Fields announced its intention of pulling out of Rustenburg Platinum by means of a two-stage deal with Anglo American and Johannesburg Consolidated.

There was taken to indicate that the London-based mining house had more faith in gold than in platinum. Gold was then $113 an ounce. It is now $135¾. Rustenburg's platinum price was $180. It is now $162.

Moreover, I gather than the second half of the Gold Fields divesting deal has already been done. Since August the shares have improved only modestly to 151p at which level they still look to be one of the prime ways into the gold play for the U.K. investor who does not want to be bothered with investment currency premium complications.

Incidentally, I am told that the group's Mt Goldsworthy has by no means given up the battle to get its Area C iron ore deposit into production and that there could be more news about this Western Australian project in the Pilbara are long.

Of the brokers' circulars on gold and gold shares that from Grieveson, Grant sums up the general opinion most aptly. Gold, they say, is now clearly in a recovery phase which contains the necessary pre-conditions for a long bull market.

The basic underlying demand-supply balance is tipping decisively on to the bullish scale owing to the strong recovery of industrial demand to a level which, they estimate, "will increasingly exceed free world supply in 1976 and to a greater extent in 1977.

Beach sand battle

To some extent this shortfall will be met by USSR gold sales and by the IMF gold auctions."

But U.S. uncertainties, investor concern with the present hesitation in world economic recovery, poor world-wide stock market performances and, perhaps, a growing awareness of the potential impact of rising investor demand on an inelastic supply of gold "provide the ideal ingredients for a bull market," the brokers conclude.

An extraordinary battle is raging in the boardroom of beach sand miner Westralian Sands the shares of which have been a profitable holding at various times in the inevitable ups and downs of the market for rutile, zircon and ilmenite, one that is in a down phase.

Mr. Tom Cook, whose advice on the outlook for these esoteric minerals I always seek when in Perth, has been deposed as chairman and the split among the directors has been accompanied by accusatory circulars from both sides.

The company's involvement in Lennard Oil is one of the issues at stake at the annual meeting on November 26. The anti-Cook circular claims that in the crisis facing Westralian Sands "the battle lines are drawn between directors on the Board who are also directors of Lennard and those who are not."

The Australian mineral sands industry is, in fact, in a generally sorry state largely owing to the slump in the demand for zircon which had a 1974-75 boom through its use for ceramic bricks in the steel industry.

Westralian Sands has the resources and ability to pull through once its boardroom divisions have been decided. At least the shares are still in the dividend list albeit only modestly. The London quote is 25p.

The Flying Fox

The name Fox is hardly a popular one in Australian mining circles especially among the uranium fraternity.

But I hear from Perth that the Flying Fox could be a name to conjure with in assessing the future prospects of the Forrestania nickel area in Western Australia which is intriguing, but at the same time irritating, in that there is plenty of nickel there but so far in too scattered quantities to enable a viable mining proposition to be put together.

But the chief protagonist, America's Amax, soldiers resolutely on and, according to the National Miner, drilling has now turned up grades better than 5 per cent. at Flying Fox at about 330 feet down.

The word goes round there that this is "the one to watch." Amoco and Endeavour Oil have fingers in Amax's Forrestania pie. The latter's London quote is 13p.

INSURANCE

Regulations may lead brokers to reform

BY OUR INSURANCE CORRESPONDENT

IN THE most positive attempt to establish basic professional standards in what can be a most unprofessional calling—that of insurance broker—the British Insurance Brokers Council has published far-reaching proposals for the regulation of insurance broking — proposals that must lead to a thorough reform of the broking sector.

The proposals were put forward after some months of discussion within council, which was set up at the beginning of the year by the four main broking organisations (the Association of Insurance Brokers, the Corporation of Insurance Brokers, the Federation of Insurance Brokers and Lloyds' Insurance Brokers Association). The proposals were put to the Department of Trade, to meet the request made by the Secretary of State for Trade in summer last year.

The Department will either endorse the proposals or ask the council to think again on particular aspects. In putting forward the proposals, the brokers are attempting to persuade the department that their home-grown self regulation rules are desirable and that there is no need for the department to go its way devising and imposing stringent standards, perhaps of the kind laid down in Holland.

Basic to the whole concept is the legal restriction of the title "insurance broker" to those individuals or firms who can meet the standards designated by the council: such insurance brokers would be registered and the penalty for falling from grace would be removal from the register. Under the proposals, an applicant for registration would have to satisfy the Registration Committee that he had the necessary professional and technical qualifications (probably the examinations of the Chartered Insurance Institute), sufficient experience, and the business is financially stable.

Broking companies would need at least £1,000 of paid up share capital (in these days surely not a sufficient amount?) while sole traders would have to show that they have "adequate assets linked to the business": annual accounts in a prescribed form would have to be produced. The applicant for registration would also observe the code of conduct and abide by the discipline laid down by the registration committee.

Mistakes

Certain main classes of insurance and reinsurance business are designated and registration to transact one or more of these classes would involve the registration committee in an examination of the integrity of the "director, partners or controllers" to determine if they be "fit and proper persons" — a phrase which harks back to the Insurance Companies' Act and the control which the Department can now exercise over the appointment of top men in the company sector.

However high the individual's competence, financial standards and integrity, he and his staff are human and can make mistakes, so each registered broker would have to carry professional negligence insurance. This would not only provide cover against the risks of errors and omissions, but also losses caused by dishonesty of principals and staff.

While insurance is procurable against professional negligence it is not obtainable against insolvency and so the council proposes a levy on registered brokers, a guarantee fund of perhaps £1m. at the outset, to meet losses caused by insolvency in business, covered on the insurance company side by the Policyholders' Protection Act, 1975. This can be broadly termed as personal-lines business, life, motor, household, and so on.

The proposals link with and are parallel to existing legislation under the Insurance Companies' Act, the Policyholders' Protection Act, and subsidiary regulations. Obvious aspects are being covered by the proposals which surely merit a high degree of commendation from the public and acceptance by the Department.

The brokers have seen how the company market fumbled its chances of self-regulation in the early 1970s and then had to grapple with a Government intent on imposing a high degree of protection for policyholders. On the evidence, the brokers have clearly benefited from this experience and are determined to remain in control of the regulatory machine.

This week in Parliament

COMMONS—

To-day: Motions on the Endowments and Glebe Church Measure and on EEC document on the JET Project, R/2284/76.

To-morrow: Public Lending Right Bill, remaining stages.

Wednesday, Thursday, Friday: Consideration of Lords amendments to Bills.

LORDS—

To-day: Land Drainage Bill, Supplementary Benefits Bill, Commons amendments; Dock Work Regulation Bill, Commons message; Rent (Agriculture) Bill, third reading; Race Relations Bill, Commons message; Royal Assent.

To-morrow: Industry (Amendment) Bill, third reading; Aircraft and Shipbuilding Industries Bill, Commons message; Endangered Species (Import and Export) Bill, Commons amendments.

Wednesday: Health Services Bill, report. Development of Rural Wales Bill, Commons amendments.

Thursday: Health Services Bill, third reading: Education Bill, Commons message; Weights and Measures Bill, Commons amendments.

Friday: Rent (Agriculture) Bill, Commons message; Public Lending Right Bill, Commons amendments.

SELECT COMMITTEES (meeting in public)—To-day: Expenditure (general sub-committee) on Developments in Civil Service since the Fulton Report. To-morrow: Nationalised Industries (sub-committee "A"). National Banks; Scottish Transport Group. Wednesday: Expenditure (Environment sub-committee). Planning procedures.

Union split on power station

BY MAX WILKINSON, INDUSTRIAL STAFF

A SPLIT is emerging between the views of trade unionists on whether a £500m. power station should be ordered ahead of time to help the heavy power generating industry.

Unions in the North East led by the AUEW-TASS argued strongly this week-end that the new power station must be ordered to prevent the collapse of the industry.

This reflects the position of the turbine maker C. A. Parsons in Newcastle and Clarke Chapman, boilermakers, in Gateshead, which will be forced to make hundreds of men redundant next year unless they can obtain extra orders for turbine-generators.

However, trade unionists at the Rugby turbine factory of the rival GEC are against the immediate ordering of a complete new power station.

The Association of Scientific Managerial and Technical Staffs believes a better solution would be for the Central Electricity Board to spend an extra £50m. or more a year on improving the efficiency of existing power stations.

Other union interests will also be lobbying MPs while the Government considers what to do to help the power generation equipment industry.

A new high efficiency 2000MW station ordered before it is needed would inevitably hasten the closure of smaller and less efficient plants. As a result, some 2,000 electricity workers could be out of jobs in five years' time.

Another problem is that a new station could reduce the consumption of coal because of its higher efficiency.

INSURANCE BASE RATES

† Atlantic Assurance	12 %
Cannon Insurance	13 %

† Address shown under Insurance and Property Bond table.

FINANCIAL TIMES SURVEY
Monday November 15 1976

Civil Engineering

The civil engineering industry has long been accustomed to being used as a kind of economic regulator. But the present economic recession and the accompanying cuts in the public sector have led to the worst slump since the 1930's

No sign of a revival

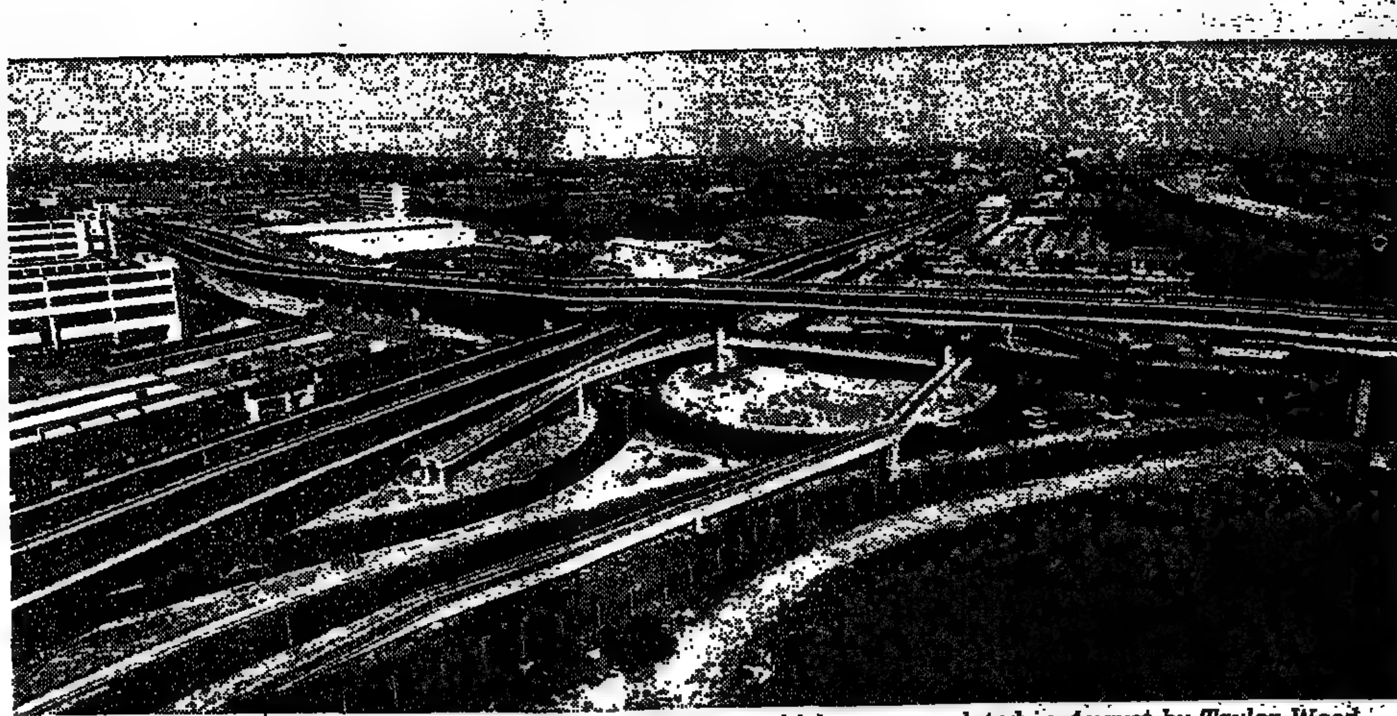
By Colin Jones

THE CIVIL engineering industry has been passing through the worst and probably the longest slump it has had the misfortune to experience since the 1930s. Output has now fallen by about a fifth in real terms since 1973 and, with new contracts tailing off even more sharply, the downturn seems likely to go on for at least another year or two and possibly even longer.

Even the few bright spots where the prospects for new business have been improving—such as in contracts for new industrial buildings—are now clouding over with uncertainty. The outlook for world trade, and thus for exports and a sustained revival in industrial activity, has proved to be rather less buoyant than had been thought. The difficulties the Government has encountered in financing its huge borrowing requirement have brought about an increase both in payroll taxes and in interest rates; and business confidence, judging from the latest CBI and Financial Times surveys, has fallen a notch or two.

The latest blow is the realisation that next year's borrowing requirement will be even larger than the Chancellor had been predicting, with the clear implication that further reductions in planned public spending programmes are now unavoidable.

All told, the public sector is the client for about half of all civil engineering work. Ministers are fond of arguing that the high level of public spending has helped to tide the country over the worst ravages of the post-1973 world recession and that the cuts which have been made in planned programmes are merely designed to bring public expenditure into line with the reduced prospects for economic growth and to make room for a revival in exports and industrial investment.



The new interchange at Staples Corner in North London, which was completed in August by Taylor Woodrow Construction.

Policies

But, even if this were true generally, it certainly does not apply to the effects of Government policies on the civil engineering industry. It is always easier when expenditure cuts are required for both central and local government to defer capital projects, particularly those with a high civil engineering content, than to rein back on current spending. If the reductions have to be secured pretty quickly—as is invariably the case—then, because of the protracted nature of capital projects, the most practical course is to put a moratorium on the letting of new contracts on which work has yet to begin.

The civil engineering industry has long been accustomed to being used as a kind of economic regulator. But, because of the depth and likely duration of the present downturn, the effects of Government policies have this time been particularly destabilising. One major motorway contractor has already had to be bailed out by the Government and talks have taken place with other firms facing serious cash flow problems. The run-down in the industry's own investment, the low level of manpower recruitment, the setback to productivity, the break-up of design and management teams, and the closures of materials producing plant will inevitably restrict the industry's capacity to respond to the next upturn in demand for civil engineering work—when that upturn eventually materialises.

Perhaps the most worrying aspect of the industry's present debilitation is the erosion of resources of skilled manpower. This year's intake of new craft apprentices by the building and civil engineering industries as a whole could well be as low as 10,000, virtually a quarter lower than last year and almost a third down on 1973. Judging from past experience, too, many of the older men with craft skills who have been departing for jobs in other industries, or who are now to be found among the 200,000 unemployed building and civil engineering workers, are unlikely ever to be attracted back.

The "Little Neddies" for the building and civil engineering industries have tried to impress upon the Government the extremely serious nature of the situation now facing the two industries. So as to encourage a continuing revival in new factory and warehouse building and the refurbishing of existing installations they have suggested the relaxation of *Industrial Development Certificate* controls, the introduction of 100 per cent. first-year depreciation for tax purposes on new building work, and the inclusion of generous demolition and building grants in Industry Act schemes. They also recommended "a complete re-think of public expenditure policy as it applies to construction works to ensure that schemes essential to the regeneration of industry can proceed," as well as consideration for alternative sources of finance — such as motorway and bridge tolls—for major infrastructure developments which public sector expenditure programmes cannot currently afford.

Not surprisingly, these ideas have received a somewhat dusty answer—although something could yet emerge from the suggestion that there should be a further relaxation in IDC controls and perhaps also from the idea that firms should be given some direct encouragement to replace obsolete premises (and, for that matter, their older plant and machinery). Indeed, since all the evidence suggests that the rate of new industrial investment is closely associated with the level of economy activity, there may be something to be said for basing tax and other investment incentives on the retirement of old capacity rather than on the installation of new.

Either way, it was particularly maladroit for the Government to choose this point of the economic cycle to unveil its proposals for extending the powers of local authority direct labour organisations. The impact upon civil engineers at the heavier end of the construction market may seem somewhat remote, but the longer-term repercussions are considerable. Even if direct labour departments were paragons of efficiency and competitiveness, which they are never likely to be, there could be no conceivable justification for injecting this further element of uncertainty into the building and civil engineering industries' present plight.

For the really large civil engineering contractors there is, however, one consolation and that is the still undiminished outlook for increased business ... The latest official figur... that the total value of ... tracts won by U.K. co... rose by more than a qu... some £1.4bn. in the yea... March and that the ... work in hand incre... almost half to more tha...

True, most of this i... spent on local labo... materials or on sub-c... But civil engineerin... overseas earnings ... during 1975-76 by abou... cent. to £158m. (brin... total net gain to the b... payments from all con... activities, including ... U.K. consulting e... architects, surveyors ... overseas subsidiaries ... construction compan... more than £350m.).

Clients

It is also true t... engineering contracto... not found work for ... Eastern clients an eas... dictable route. But t... tion which has been ... the Middle East con... boom has tended to ov... the even greater succe... civil engineering fir... been having lately els... Asia and Africa, wh... value of the industry's ... tracts rose by more ... in 1975-76.

This upsurge in ove... struction work may b... the industry's bigge... survive the slump at h... it also serves to unde... need for politicians ... greater regard in the ... the debilitating effect... demand management ... upon the health and ... of this important U.K...

Industrials the one bright spot

bright spot in an ery depressing out- e civil engineering the prospect of a re- : rather modest, in ial building. All the of industrial invest- is the CBI industrial vey. the Financial thly survey of busi- n, and the Govern- : investment inten- y. have been fore- in upturn for about ow.

an increase in new factories and uction work tends to time after expendi- w plant and equip- gun to recover. But orders for new uildings have been hroughout this year. igures show that in onths to August new ilding orders (other oil industry) were t a rate of about 70 gher in value than point in the last 1975. In real terms about a third below of new business at 1973 but it is dis- raging nonetheless.

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e been hopes that Government has ouring to engineer l recovery in indus- tion, the revival in vestment spending stained for rather previous upturns. al Institute of d Social Research e last issue of its eview, for example, k-up in investment more quickly in this mpanies see the in orders coming from abroad and if, therefore, they think there is less chance of a "stop" being placed upon them as previously with home-stimulated booms. Moreover, with profitability continuing to recover as output quickens there is little immediate risk of industry running up against major liquidity or financing problems.

These hopes could still be realised but at this stage it is better to remain cautious. With industrial production still running well below the 1973 peak, rates of capacity utilisation remain very low. The outlook for world trade, and thus for exports and industrial output, is not as buoyant as had been earlier thought.

Interest rates have risen again. True, past experience suggests that higher interest rates tend to have a very marginal impact on industrial investment during the upswing. But the increase in the Minimum Lending Rate and other factors has knocked business confidence, as the last CBI survey showed.

Both the building and civil engineering Little Neddy and the building materials producers are predicting only a modest recovery in industrial building work next year and in 1978. On the basis of these forecasts civil engineering output on new industrial buildings in 1978 is still unlikely to have recovered to even the reduced 1975 level.

Caution is also needed in interpreting the recent upturn in orders for new office and other private commercial buildings. In the three months to August the total value of new commercial building contracts was about 78 per cent. higher than during the low point in the second quarter of 1975. In real terms, new business in the June-August period had recovered to about 80 per cent. of the 1973 peak.

The strength and duration of this recovery remains to be seen, however. Many office buildings are still standing empty. The Community Land Act is now on the statute book. Building costs and interest rates have risen, and many institutional property investors are still digesting their past acquisitions.

Controls

In the retail trade sector, an expansionary mood is unlikely to return until consumer spending recovers and price and profit controls are substantially eased, while in the hotels and entertainment sector there is still considerable excess capacity. Both the Little Neddy and the materials producers expect a further small decline in total civil engineering output on private commercial buildings next year with only a modest upturn following in 1978.

Elsewhere in the private sector there is not even the prospect of a modest improvement in the demand for civil engineering work. Orders for new oil platforms have lately been running at barely a fifth of the level of two years ago and the outlook remains equally bleak.

Contracts for clearing and preparing sites and installing mains services for new private housing developments increased substantially last year and this year. But the latest increase in interest rates is bound to hurt housing developers; and, though building societies' liquidity ratios have been running at record levels, there are now serious doubts as to whether they will be able to attract sufficient funds to maintain this year's level of mortgage advances to house buyers in 1977. The general expectation now is that the rate of private housing starts will soon begin to tail off once again, though perhaps not precipitously so.

In the public sector, by contrast, the outlook is discouraging virtually across the board. The British Steel Corporation has been the source of some major civil engineering contracts and more could follow once Ministers reach a decision on the remaining aspects of the corporation's development programme—including in particular the scale of new investment at Port Talbot. But elsewhere the trend of new business has been downward and is likely to remain so.

There is now a widespread expectation of further reductions in public spending plans following the revelation that the public sector borrowing requirement next year is likely to be £2bn. higher than had been thought. As before, these reductions are likely to bear more heavily on capital spending with a high civil engineering content than on current spending; and, since savings will need to be secured earlier rather than later, the brunt will once again fall on the placing of new contracts.

In any case, the operation of cash ceiling controls could well exert its own particular squeeze now that the rate of inflation has not fallen as much as the Government had hoped. Furthermore, it is known that the local authority associations have asked for a modest increase in the Government's target for local current spending in 1977-78 in return for a compensatory reduction in the planned level of capital spending. This reduction would be additional to the cuts in next year's capital spending plans which were prescribed by the Chancellor as part of his July measures. Even so, it appears that the request is likely to be granted.

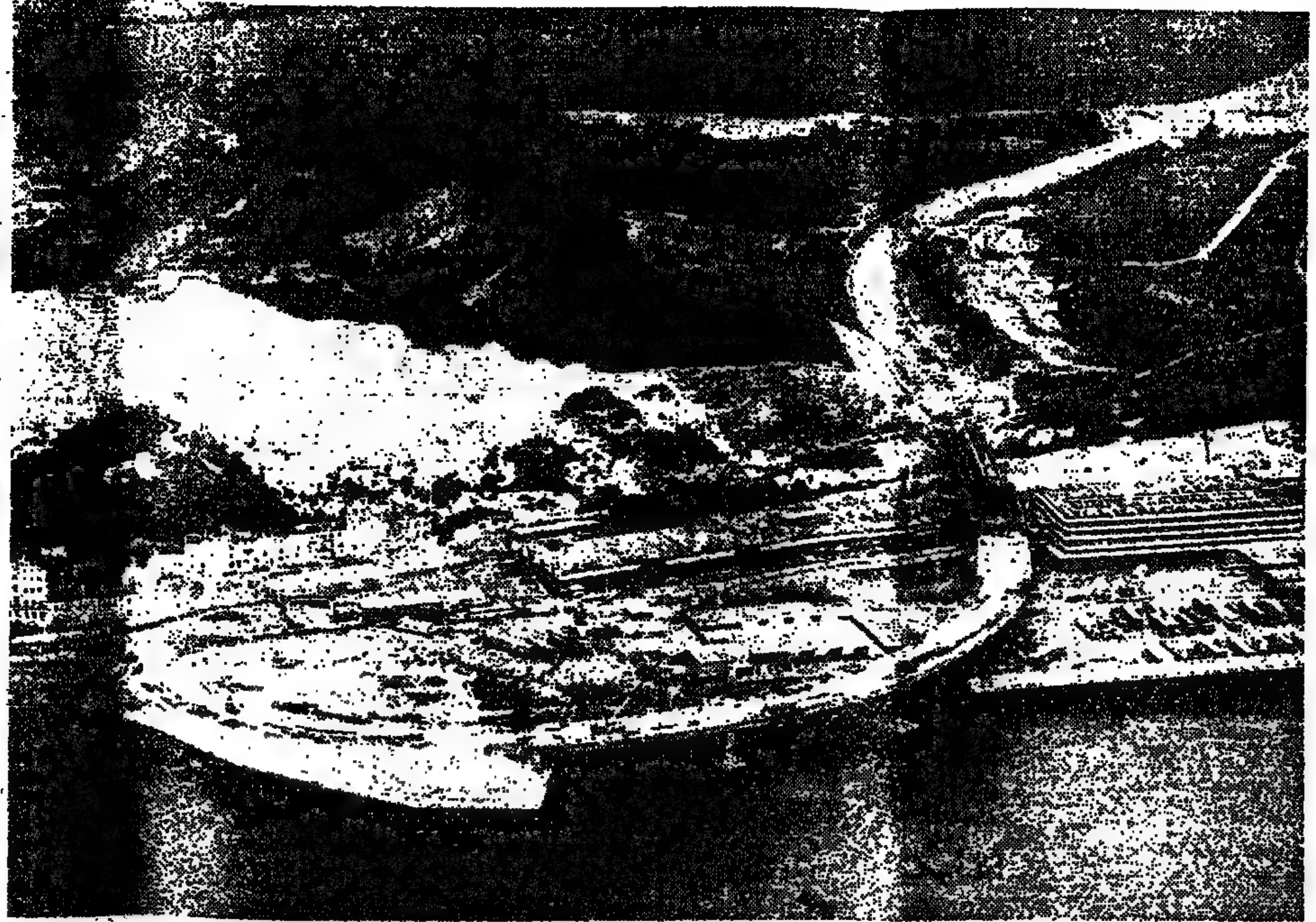
As it is, the flow of new public works contract is now well down. Road-building, the biggest single source of civil engineering work in the public works sector, has been cut back almost continuously since the "Barber cuts" of May and December, 1973. Education and health service projects are now being sharply scaled back.

There could be a fair prospect of increased business from the water and sewerage authorities in view of the large programme of replacement work which is looming up and the recent talk of schemes for transferring water in bulk to some water deficit areas. But for this prospect to become a reality water charges would probably have to be raised substantially so as to provide for a greater degree of self-financing of new investment in this sector (where the self-financing ratio is exceedingly low) and the chances of this being permitted do not look particularly bright.

In the nationalised industry sector, capital spending programmes—apart from in steel—are all now either levelling out or set to decline. And the re-imposition of control over public sector house-building programmes does not augur well for the maintenance of the recent improvement in the flow of civil engineering contracts for new housing estates. Indeed, the rate of new housing starts in the public sector has already begun to decline.

Furthermore, public expenditure programmes are likely to remain under tight restraint for at least the remainder of the decade. The upturn in private sector investment may or may not be nipped in the bud by the uncertain outlook for world trade and by the Government's financing problems at home. But there is no immediately foreseeable prospect of any turn-round in the declining trend of civil engineering orders from the public sector.

Colin Jones



This 350-metre viaduct at Dover costing £6m., which is now almost complete, is being undertaken by Marples Ridgway.

Safety records are improving

THE number of ccidents in the civil industry is difficult within the building whole, and despite improved safety e occupational risks

safety changes fac- ustry are linked to gulations aimed at ut the appointment epresentatives and ittees, to increase involvement in protect their own ealth at work.

impson, chairman of and Safety Commis- it clear recently of time was neces- n the draft regula- g laid before and their coming This would allow nd workers to con- decide detailed s regarding safety ves and committees. mission's advice to as not to wait until ions were in force the lead-in period and to settle hout delay. Any sentatives appointed tees set up ahead ld be formally con- on as the new regu- e into force. ressed that it was o post an inspector y factory to ensure rms of the Health at Work Act were The provisions in the appointment of presentatives were ucial.

...nent

me, the request for riod was one of the stions put forward comments received mmission on their document issued to f industry and other arties.

consultative docu- will eventually go retary of State for t for enactment, at a safety represen- appointed from mployees by a trade union, where ropriate. For non- orkers, later recom- will be made. esentative would be to investigate poten- and causes of acci- ty complaints made es, carry out regular and carry out inspec- accidents. He or she e no legal respon- it would be allowed ith pay to carry out these duties. Finally, if the representative asked for a safety committee to be established, this should be instituted within three months.

Mr. Simpson stressed that one of the advantages of the current reorganisation of the Factory Inspectorate was that each of the area offices being opened up throughout the country, would be able to provide an information and advisory service at the local level.

The information service in each area office would answer inquiries from both sides of industry and from the public, linked to specialist advice, particularly on hazards to health and safety relevant to the area. At the same time it would act in close co-ordination with headquarters information services so that the public is kept informed on all occupational health and safety matters, as the Act specifies.

He added that the Commission would require that employers inform employees of all relevant statutes and regulations, risks and precautions necessary and details of their local Employment Medical Advisory service.

This information should not only be readily accessible but notices specifying where it was available should be clearly displayed. "Cluttered noticeboards become part of the factory wall paper and cease to have an impact on working people," he said.

It is clear then that the civil engineering industry will, like all other industries, have to make some effort in the near future to ensure that these measures come into effect smoothly when the legislative requirement comes into force.

In the past the building industry has come under some criticism for its higher proportion of accidents than others, but the nature of the work remains the basic problem. Although accident figures for 1975 remain to be published in the Chief Inspector of Factories' annual report expected soon, it is worth recording that in 1974, only 161 workers lost their lives in construction accidents, a considerable improvement on the previous year when there were 230 fatal accidents.

In the 1974 report, the inspector, Mr. J. D. G. Hammer, said that despite the efforts being made by a great number of companies which took the problems of health and safety as a serious matter, and despite the increasing toughness of the inspectorate, there was still "an extraordinary and discouraging history of accidents which should not happen."

It was noted that some contractors continue to argue about the need to shore excavations despite the number of live burials in recent years. The reason why the incidence of accidents in the construction industry should be significantly worse than that for any other industry which the inspector was responsible owed a lot, he believed, to the diversity of building activities and the number of sites operated. By contrast with a factory environment, where greater discipline could be exercised, construction was dispersed over thousands of temporary sites.

Mobile

Not only did the workforce tend to be highly mobile, but there was also a high flow of labour in and out of a cyclical industry responding rapidly to peaks and troughs in the national economy. The problem of sub-contract "lump" labour and the attendant lack of control made regulation of training and safety that much more difficult.

It was also pointed out that work in the industry was often inherently dangerous and that the penalties for a moment's lack of attention or thoughtlessness while working on some structures were high. Furthermore, potentially lethal plant was too often operated by men with insufficient training or experience.

The inspector said that there were many managers and people in the industry who made great efforts to tackle the risks involved, but there were also far too many who could only be described as apathetic.

In this context, the debate on the role and function of safety officers is certain to continue, particularly in relation to training. At present there is a high volume of training being carried out at Brooklands Technical College, where the industry runs a specialist course.

The Federation of Civil Engineering Contractors is active in the field and publishes a number of safety literature items, and has mobile safety caravans which can take the information to the source of possible accidents.

There continues to be high demand for training courses at the Construction Industry Training Board's Bircham Newton training centre in Norfolk, which is the biggest of its kind in the world. It is felt that if the essence of safety procedures can be instilled into operators at the earliest possible stage of training, this will have important long-term effects.

Lorne Barling

Offshore disappointments

BRITAIN'S OFFSHORE oil and gas venture has provided many sectors of civil engineering with exciting challenges. It has also been responsible for serious disappointments. The platform construction industry is a good case in point.

Back in 1974 when, after the oil crisis, British industry was looking desperately for growth markets, the Government forecast that at least 80 large platforms would be needed for the U.K. sector of the North Sea by 1980. Eight fabricating yards and docks were sanctioned in Scotland and the North East: the Government chipped into the development of two, at Portavadie and Hunterston, to the tune of £25m. Hunterston was built with the help of £11.5m. State-guaranteed loans: Portavadie's dock and workers' village has been built with £14m. of Government money.

So far Portavadie and Hunterston have not won a single contract. Laing Offshore's Graythorp yard, which successfully built steel platforms for British Petroleum's lucrative Forties Field, has been closed (hopefully temporarily) through lack of orders. Redpath Dorman Long's yard at Methil, Fife, faces the same fate in the New Year unless it receives an order immediately to follow the expiring Thistle Field contract.

The plight of these four yards sums up the present state of the U.K. platform industry: after such sweet promises, reality has dished up a bitter experience. In short, the Government, the platform builders, and the oil industry all got their sums wrong. The latest figures, published by the Department of Energy indicate that the demand will work out at nearer 30 new orders between now and 1980, in addition to the 23 already ordered or installed (14 of them constructed in U.K. yards). Smith Barney, Harris Upham and Company, New York analysts, forecasts that in the next four or five years, a total of between 11 and 32 platforms might be ordered for fields in the U.K. (compared with its 1975 estimate of 39 platforms).

These figures disguise the true opportunities for platform builders, however. The size of the potential order book is still unclear. Taking an optimistic line, British companies could find themselves moving into the export market: increasingly offshore groups overseas are becoming interested in Britain's new expertise, gained in some of the most hostile deep water conditions in the world. Russians, Chinese, South American and Far Eastern operators have taken note of Britain's platform building capability.

Visit

During a visit to J.B.E. Offshore, platform module builder, Dr. Dickson Mabon, Minister of State for Energy, made the enticing prediction that a Scottish company could soon win a big platform order from Petrobras, the state-owned Brazilian oil corporation. "I am hopeful," he said. "They are in with a very good chance of getting it."

And yet, on the domestic front, it is far from certain that even the modest number of anticipated platform orders will materialise. Oil companies are striving to find alternative, less expensive methods of developing offshore oilfields. It is now over two years since an offshore operator ordered a conventional platform for the North Sea. A number of reasons have been given. It was said, for instance, that political uncertainties were deterring the oil industry from further investment. Companies were said to be keen to accomplish the initial phase of offshore development before embarking on a new round of field exploitation. But the main reason for the hiatus was the oil industry's concern about the rising cost of developing reservoirs. It is not uncommon for the cost to have risen twice, or even three times above the original budgeted price.

The cost of the Forties Field development is now put at about £850m., for instance. Brent's oil reservoir is costing over £1.5bn. to exploit. It is quite likely that the cost of bringing on Pan Ocean's big Brae Field will exceed the £1bn. mark.

In these circumstances, companies have been evaluating the use of alternative production methods such as seabed wellhead installations: tethered and tension-legged platforms: and floating systems. Shell and Esso have installed an experimental sub-sea production unit on its Brent Field in order to monitor the system's performance and capability. Chevron is thought to be considering installing a series of sub-sea units for the next phase of Ninian Field development: the alternative would be another fixed platform.

British Petroleum has been investigating several systems, including tethered-leg platforms, for its Magnus Field, while Transworld is likely to opt for a comparatively cheap floating unit for the development of its small Buchan Field. Following its latest development/appraisal drilling exercise the Transworld Group could well announce a decision to go ahead with Buchan development within the next few weeks. By using a converted semi-submersible drilling rig and shipping the crude ashore in tankers, the Buchan development costs could be contained to less than £120m.

Design

The Continental Oil offshore group has just initiated development design studies for its Anglo/Norwegian Murchison Field which may have up to 320m. barrels of recoverable reserves. The news is a fillip for the platform industry for it is almost certain that the group will opt to use a conventional steel platform.

Murchison and Buchan are tangible signs that prospects are becoming brighter for all engineering companies involved in offshore work. Unless there is a major upset, a number of fields regarded as only "probable" to-day, could be declared commercial in 1977. As Smith Barney, Harris Upham and Co. says in the foreword to its latest North Sea marine construction survey:

"The bubble of potentially developable fields is expanding. Just when the bubble will burst and new commitments resume is difficult to say, although we believe events are moving much closer to this point. We believe that the work load in the 1977 construction season will exceed the forecasts of many security analysts."

Other fields which may have the development starter-flag lowered next year include Magnus, Mesa's Moray Firth find, Texaco's Tartan Field, one of Total's discoveries in quadrant three, and possibly Phillip's Maureen. The chances of Maureen being developed so soon have been receding following the discovery of more hopeful prospects by Phillips. According to one U.K. offshore analyst Maureen would yield an internal rate of return of only 11.2 per cent.—far below the level of profitability expected of North Sea projects. The return, along with the profitability of all the other fields, should improve if, as expected, OPEC raises the price of crude oil in January.

One field which seems almost certain to be declared commercial next year is Shell/Esso's find close to their Cormorant Field. At one time it looked as though the duo might develop their Tern prospect first but it seems that the so-called Cormorant Extension has been given priority. A study team has been set up to examine various production methods: apparently neither steel nor concrete structures have been discounted.

If Shell/Esso decide to use a concrete gravity platform they may be faced with the dilemma of divided loyalties. Along with other U.K. offshore operators the pair have agreed to give British manufacturers a "full and fair" opportunity to bid for contracts. That means that U.K. platform builders must have a good chance of meeting Shell/Esso's needs, if they can quote a competitive price and delivery date. On the other hand it is known that Shell and Esso are impressed with the Norwegian *Condeep* platforms, two of which have been installed on Brent.

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Energy announcement in the pipeline

ITHIN THE next few weeks r. *Anthony Wedgwood Benn*, nergy Secretary, should outne the Government's plans for nstructing a major gas gatherg pipeline system in the North a. The statement could be he starting flag for one of the nost ambitious projects yet undertaken in the exploitation f Britain's offshore oil and gas eserves.

Reserves

Such a pipeline network, collecting associated gas from oil fields north-east of the Shetlands and north-east of Aberdeen, would provide the U.K. gas industry with third-stage benefits from offshore reserves. Since 1967 natural gas from southern North Sea gas fields has displaced fuel from the traditional coal-fires gas works. Within the next couple of years British Gas will be receiving large new supplies via pipelines from two fields in more northerly waters: the Anglo/Norwegian Frigg gas field and Shell/Esso's Brent oil and gas discovery.

Eventually the system could comprise over 800 miles of pipeline, some 550 miles of which might be of 24-inch diameter or above. The cost would probably be in excess of £2bn., even at to-day's prices.

These figures are based on a system suggested by Williams-Merz, the Newcastle consulting engineer group which was commissioned by the Government to undertake a study into possible gas gathering systems. The consultants favoured a scheme involving four main feeder pipelines, including the ones being built for Brent and Frigg gas collection. The system as a whole would collect gas from fields as far apart as Magnus in *the North to Lomond in the* south — assuming that these, and other reservoirs are declared to be commercial propositions. Eventually, according to Williams-Merz, a grid of pipelines linking as many as 30 fields and unnamed discoveries, might be built to collect up to 1.5bn. cubic feet a day of gas (over and above gas from Brent and Frigg).

It is not at all clear, however, whether such a system would be adopted. There are indications to suggest that the British Gas Corporation and the British National Oil Corporation have other ideas. In talks with Government Ministers and officials the two state undertakings have emphasised the importance of the basic trunk route being developed around one or two significant new gas/condensate finds.

More should be known when Mr. Wedgwood Benn announces plans for more detailed studies into the ambitious project. It is likely that before the end of the year he will form a new company to work on the plans. The Cabinet has already agreed that British Gas and BNOC should be involved in the new undertaking. But, whereas originally it was intended to be an all state-industry affair, the new company is likely to emerge with private interests: companies with the strength to lend both financial and technical support to any future gas gathering project.

Predicted

It will be several years before even the skeleton of a network is commissioned, however, Mr. Don Cooper, British Gas Corporation's first director of purchasing and supplies, has confidently predicted that "it is fairly certain that we will go ahead with a gathering system of some sort, perhaps by 1983. We are certainly interested in collecting this gas."

Mr. Cooper raised the question about Norwegian involvement in such a project. It is known that Norway has been considering its own trunk system, linking its fields with the gas-thirsty continental market. (Norway has no energy need for its own gas.) "Whether there is room for an entirely separate system in the Norwegian sector is, I think, a matter for very careful consideration. I think that we may *have come to the time when* international co-operation ought to supercede international competition." Mr. Cooper said.

International co-operation will be tested increasingly as more North Sea oil and gas fields are developed. For example, there is a good deal of disagreement over how the important Statfjord Field should be developed.

The field straddles the Anglo/Norwegian median line and as such the Governments of both countries, as well as the private oil groups, have a direct interest. The Norwegian Government and its state-owned Statoil group favour the build*ing of a pipeline from the field* to the Norwegian mainland, a project which, with a terminal, might cost between £550m. and £675m. Such an undertaking, however, would require the pipeline to cross the notorious subsea "Norwegian trench," which, in places, is 1,000 feet deep. A £34m. feasibility study, involving the laying and simulated repair of a section of pipeline in a Norwegian fjord, is now being undertaken.

Some of the private companies in the Statfjord group feel that an offshore tanker loading system would be a less capital intensive, less risky and more flexible method of exploiting the field which, with 3.9bn. barrels of recoverable reserves and 100bn. cubic metres of gas is the biggest in the North Sea.

Potential problems with the trench were among the reasons why the Ekofisk Field developers opted to build a 34-inch oil pipeline from the Norwegian Field to Teesside instead of Norway.

Reasons

Frigg, another Anglo-Norwegian field, is linked by pipeline to the U.K. mainland more for economic than geographic and geological reasons. All of the gas in Frigg is being sold *to the British Gas Corporation.*

Apart from the various pipeline systems linking the southern gas fields with Britain's east coast, other major North Sea pipeline projects include: an oil and gas pipeline from Brent; an oil pipeline from Forties; and a new pipeline connecting Piper and Claymore Fields with the Orkneys.

So far some 1,500 miles of sub-sea lines have been laid in the North Sea and on the basis of programmes already underway this should reach over 2,000 miles by 1980. Brokers Wood, Mackenzie has reported that that 1,500 miles of line, in addition to projects already underway, are now on the drawing board or in the "possible" category. If the Dutch sector is included and the pipe line works in the fields themselves are added, the figure could go as high as 1,800 to 2,000 miles.

The North Sea is thus emerging as a growing influence on a large and, in view of the world's

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Stepping up the efforts abroad

HE recession at home painfully on, Britain's ding contractors and ineers have in the past en stepping up their r business in markets ut the world.

gh it will be some time etails of just how suc- ne industry as a whole doing, figures released w days ago by the De- of the Environment e extent of the effort road during the 1975- ncial year.

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tions suggest that the net overseas earnings sh construction com- ached £518m. at cur- 's compared with only on the previous 12

must be remembered, the contribution of the 's themselves and if seas earnings of the rofessions of consult- neers, architects and are included, together ings from the direct it of British parent on companies in over- ches and subsidiaries, contribution to the nce of payments by struction industry— building materials— at around £340m.

contracts picked up ractors were again l by the large pieces s won in Asia, worth 600m. and largely for by Middle East clients. Other areas showing a rising volume of business were Africa, where contracts rose significantly for the second year running, and North and South America.

Perhaps the most disappointing region of all in terms of overseas work was Europe itself, where British companies picked up only £151m., a fall of £13m. from the previous year. The EEC countries accounted for a lowly £16m. of the total, against £41m. in the preceding 12 months.

The major contracts won overseas were, as in previous years, taken by comparatively few operations with well-established interests abroad. In fact, over 90 per cent. of the total value of business was obtained by 20 companies, with the top six accounting for no less than 73 per cent. of all contracts. According to the DOE, British contractors were last year operating in no less than 112 countries throughout the world.

Realistic

The Middle East, without doubt, remains the centre of attraction on the world construction stage, although some recent developments have helped reintroduce a more realistic note to proceedings which have at times appeared to have been enveloped in something approaching mild hysteria.

The fact is that several of the client nations—public works account for the overwhelming proportion of contractors' business — have been readjusting some very ambitious economic development programmes downwards and even confronting problems not previously associated with the oil producers, such as cash flow difficulties. Schemes for grandiose projects have poured from the region at a staggering rate, but it is clear that the drawing board is as far as some will go.

This is not to say that there will not be plenty of work around for the foreseeable future, but competition has been intensifying, with contractors from all corners of the world seeking business in the absence of domestic demand. In this respect, the United Arab Emirates is a good example, for while just five years ago the country represented a minor market in which only a few international contractors were interested, to-day dozens of companies are competing for work there. The prospects for continued expansion and therefore more construction business look good in several other nations, among them Saudi Arabia, Qatar, Kuwait and Dubai. In Saudi alone, the Government has earmarked no less than £41bn. for construction up until 1980 as part of its second, five-year development plan.

Apart from general uncertainties surrounding these reductions in expenditure programmes, with a halt to some contracts and delays in payments, the main differences in the degree of risk in operating in the Middle East region compared with other markets have been caused by the sheer size of the work available and the particular forms of payments required. In addition to the normal type of performance guarantees, a number of states demand bonds which are payable on request and which can be called in without explanation or warning. These arrangements are being resisted successfuly by r any of the larger, better established contractors, but their presence represents a major and invariably insurmountable barrier to the small and medium sized operator.

This country's Export Credits Guarantee Department can help offset some of the risks from political changes—an important factor when a contract can involve a direct working partnership with a State's ruler—and from non-payment. It is not all risks and potential problems however, and the successful contractor can often find himself on the receiving end of large advance mobilisation payments from his client, invariably accounting for up to 20 per cent. of the contract value.

Reputations

Almost all the major U.K. civil engineers are well represented in the region and they have acquired high reputations in a region where strong pro-British sentiment still exists. The names now active throughout the area include Balfour Beatty, Taylor Woodrow, Costain, Sunley, Tarmac, Wimpey, Cementation, Laing and Bovis and although they rank among the biggest civil engineering operations, some of them have found the need for co-operation in the form of joint ventures as an essential prerequisite to the winning of certain mammoth contracts.

Among recent major successes has been Bernard Sunley's £53m. contract for work on the Dubai International trade and exhibition centre, a sequel to the company's earlier £56m. contract on the same project. Together with a £9m. contract for a medical complex, Sunley has established itself as a major contracting force on the Dubai construction scene.

Names like Costain are in Oman, Abu Dhabi, teaming up in Dubai with Taylor Woodrow to build the region's largest dry dock and ship repair complex and to extend the Port Rashid development, both multi-million pound contracts.

Taylor Woodrow is in Saudi Arabia, Iraq, Oman, Dubai and Jordan and is one of the best-known contractors in the Middle East. To name just a few others, Tarmac is driving a £50m. tunnel under the Suez, Balfour Beatty in consortium is to build a £100m. deep water port in Dubai and Wimpey is busy putting down £20m.-worth of roads in Oman.

But while the Middle East understandably attracts most of the attention in the world construction scene at the present time, British civil engineers are active in many other potentially valuable markets. In Africa, for example, U.K. companies managed to take nearly £500m.-worth of construction business last year, nearly £150m. more than in the year before.

Apart from Tarmac's Suez tunnel, which is being built in a joint venture with a local partner, Costain has over £10m.-worth of work on two water supply contracts in Nigeria. The same Costain subsidiary has other contracts in the same country worth over £9m.

Still in Nigeria, BICC Construction, a member of the Balfour Beatty Group of PICC, has won a further major contract from the National Electric Power Authority to extend the country's power transmission system. Cubitts Nigeria has a contract worth over £10m. to build a teachers' training college in Nigeria while in another contract worth over £9m. the company is to rebuild Maiduguri airport.

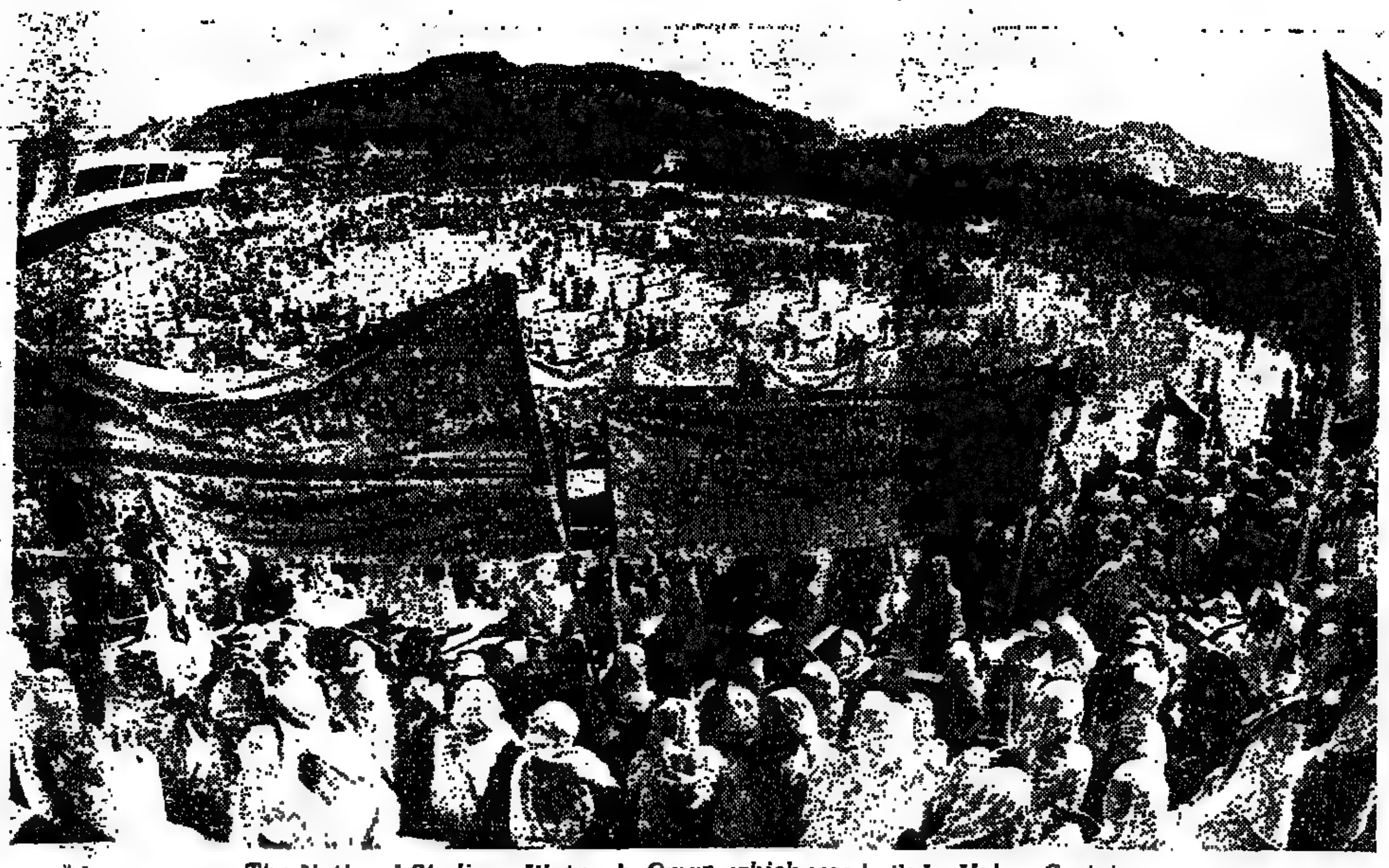
In Australia and New Zealand, contracts worth almost £100m. were picked up last year by U.K. civil engineers and another £93m.-worth of work came from the North and South American markets.

There is little doubt that the overseas efforts by U.K. civil engineers, as reflected in the last set of official figures, will have been stepped up significantly since then. With the outlook for domestic work continuing to look poor, contractors are concentrating a growing proportion of their manpower and financial resources on the search for contracts abroad.

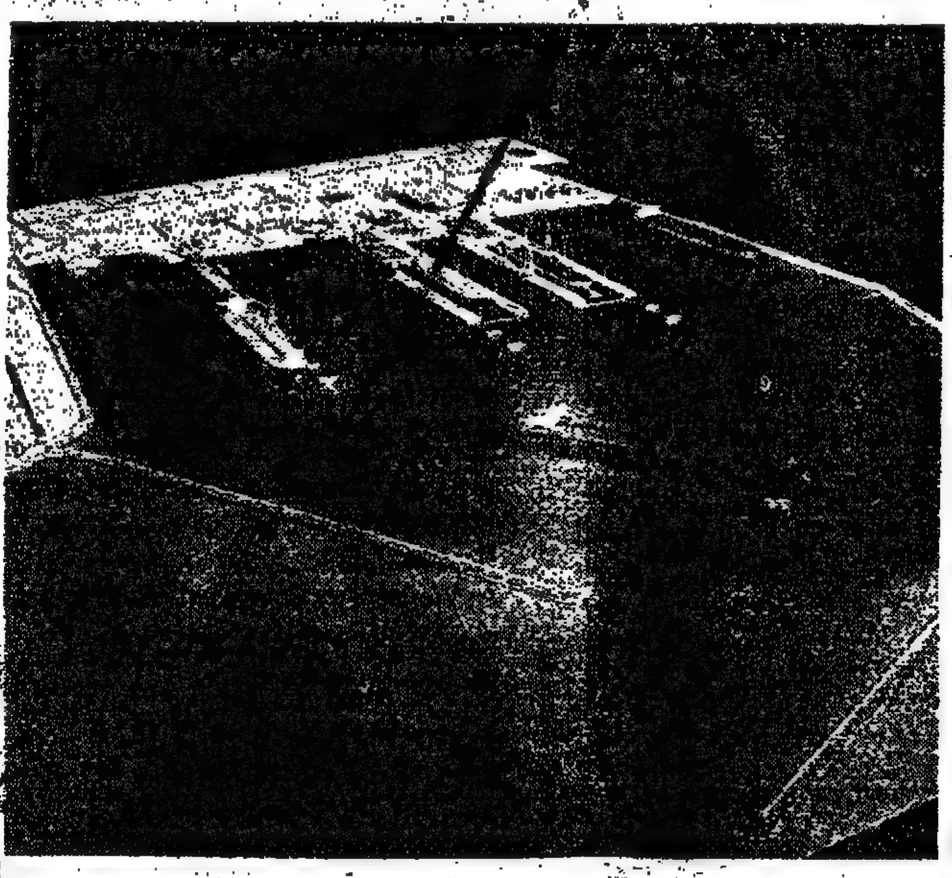
Despite their recent successes, there is no doubt that the opportunities for even further overseas involvement are even greater. It is unfortunate that for many years, the contractor with an eye on overseas markets has been left almost entirely to his own devices in establishing where the business is and what type of work he can expect to pick up.

Now, at least, the British industry can expect some assistance in the form of the Construction Exports Advisory Board, which has been established for a year and is intended to provide a focal point for collective U.K. effort in the construction export field. Jointly serviced by the Departments of Environment and Trade, the Board helps to identify potential overseas business and assist in the organisation of teams ready to compete for the work. Most of the large contractors may feel they have little to gain from the establishment of such a body and that their own long-tested methods of business gathering are sufficient. The Board, however, could prove an invaluable marshalling point for the smaller, inexperienced company which wants a part of the international business now available in the markets of the world.

Michael Cassell



The National Stadium, Watayah, Oman, which was built by Yahya Costain.



lel of the Dubai dry dock complex which is being constructed by a U.K. venture of Costain Civil Engineering and Taylor Woodrow International

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demand for energy, ket. According to one non-Communist pipe- l over 23,580 miles of and larger lines are o be laid this year. The this work could well 786n.

As might be expected, the U.S. emerges as the biggest spender. This year some 7,570 miles of pipeline should be laid in the U.S., including some of the final sections of the ambitious trans-Alaskan trunk line which must rate as one of the biggest engineering projects ever undertaken.

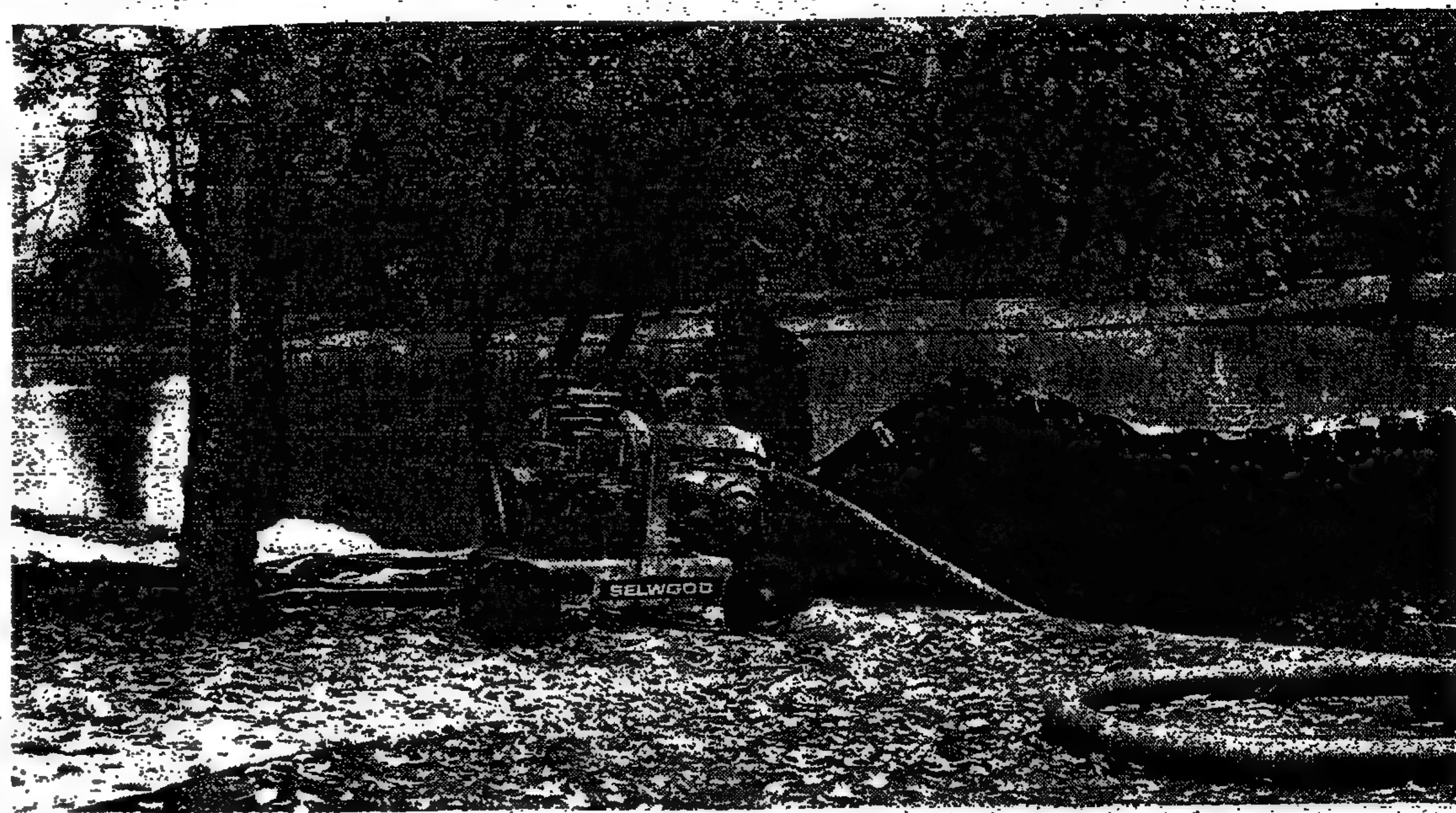
Projects like the Alaskan pipeline and North Sea trunk lines are pushing forward the frontiers of technology, demanding ever more exacting standards. It is a pity, therefore, that British industry and the British Steel Corporation, in particular, have found themselves lacking the necessary capacity to produce large diameter, high quality pipe suitable for the major North Sea distribution systems. Oil operators have had to import the big pipes, mainly from the Continent and Japan.

For some time BSC has been considering a plan to provide the necessary fabricating facilities although such a project would be tied to other modernisation and expansion projects.

So, for the time being, U.K. industry must be content with a meagre share of North Sea pipeline contracts. Latest Government statistics show that last year British companies captured only five per cent. of the offshore pipe market (worth £58m. in 1975 and £85m. in 1974). On the other hand U.K. industry can take some satisfaction from the fact that in 1975 is met all the orders for pipe coatings.

Ray Dafter

Problems for the suppliers



Cleaning the lake in St. James's Park with pumps supplied by William R. Selwood.

ONE OF the major problems which the construction industries face every few years and which has never been successfully resolved is the science of matching material supplies to the prevailing demand. Several domestic construction booms have in the past been seriously impaired by the lack of readily available materials and the pressures on the supplies which have been around have inevitably led to some highly inflationary situations.

Even now, as the building and civil engineering industries at home are finding considerable difficulty in obtaining new work, all the indications are that the next upturn will again be thwarted by the material supply situation. The next time, however, the bottlenecks could be even worse than usual, despite the Government's stated intention to sort out the question of correct demand management once and for all across a wide range of vital manufacturing sectors.

The problem is that, in the case of the construction sector, the downturn in work levels at home has been so severe and prolonged that the material producers have inevitably been forced to cut production, lay off employees and eventually slash productive capacity, which either never becomes available again or simply takes too long to get back on stream to meet the peak demand period.

As in the past, the inability of home suppliers to meet the urgent requests of their customers has led to the sucking in of huge volumes of imports, often establishing a link with overseas suppliers which can replace traditional domestic material sources.

There have, however, been significant efforts this time on the part of many material suppliers to find markets for their products farther afield, so helping to maintain output levels and avoid painful contractions in workforce and capacity.

Weighing heavily in the U.K. material suppliers favour is the fact that in many of the developing nations, a large proportion of the civil engineers, quantity surveyors, architects and other professions engaged in construction projects are of U.K. origin and therefore more likely to favour products they know.

But despite the overseas efforts being made—the Building Materials Export Group has organised sales missions to the Middle East for example—there is undoubtedly a great deal more which could be done.

It is true that many building components do not easily lend themselves to long distance transportation, but for the time being at least the major proportion of materials being consumed in markets like the Middle East and parts of Africa cannot be found locally and have to be imported. While this situation exists, the opportunities for sales are good.

In a growing number of cases, of course, the alternative is to establish manufacturing operations in the markets concerned and several major suppliers have been doing so for a number of years. The main overseas interests of the U.K materials sector has traditionally been the old Commonwealth countries and in Europe, with expansion in the last ten years principally on the Continent, notably Germany and France. Unfortunately, the construction industries in these countries have also known happier times. More recently, however, the material suppliers, like the contractors and associated professions, have been looking more closely at the Middle East and while the opportunities for expanding overseas sales undoubtedly exists in the region, a great many people have the same ambitions.

It is because of prohibitive transport costs that opportunities open to U.K. material suppliers in the Middle East, for example, are not as plentiful as might at first be imagined. For while there is undoubtedly a chronic shortage of manufacturing capacity affecting a wide range of materials supply sectors in the region, the U.K. industry faces tough competition from suppliers who have a geographical and, therefore, a price advantage.

The trend, therefore, has not surprisingly been to manufacture on the spot and, for example, Armitage Shanks has an operation in Iran, Redland is developing a number of manufacturing centres in the Middle East and London Brick has chosen to make its first overseas venture in Iran, where it will retain an interest in the operation.

Markets

But it is not merely development in terms of new markets which now occupy the material producers' resources and skills and despite the level of sophistication which now extends throughout the materials sector in terms of product adaptability and capability, continuing research and development programmes endeavour to expand further the applications of what can come to be regarded as old materials with little new left to offer.

Perhaps one of the most exciting recent developments in the construction materials field has been the evolvement of glass fibre reinforced cement, which has added a new dimension to one of the oldest building components. A product with an eye on the future has been produced by Pilkington Brothers and is known as Cem-Fil. At present, GRC is used mainly for cladding purposes but its outstanding properties—such as high tensile and impact strengths—involves a new range of applications for concrete. The material is considered to have enormous possibilities, not only as a replacement for steel reinforcement but in many asbestos product markets, which have recently come under close scrutiny.

As if to flaunt the controversy surrounding asbestos products, a newly-formed asbestos cement manufacturing company was launched at the beginning of October. The new operation—the result of a merger between G.R. Speaker and Atlas Stone, two of the oldest names in the business—will be producing standard as well as decorative and specialist asbestos cement products and a range of materials for cladding in industrial and agricultural construction.

But glass fibre cement is clearly a material of the future and, to prove the point, an association to represent the manufacturers has just been formed. Its major priority is to establish internationally accepted standards on GRC performance and it plans an international conference for GRC producers within the next year.

On a much larger scale, research and development work on concrete and its marine applications continues. Concrete is now the dominant material for harbour and coastal protection work and has also been used for offshore fixed structures such as lighthouses.

The present generation of concrete oil production platforms combine many of the design and construction techniques already put into practice in marine installations but these structures are massive and are required to have a design life of anything up to 50 years in water depths of 200 metres or even more, often in some of the most hostile environments in the world. Conditions are therefore sufficiently different from previous experience to warrant careful assessment of current design methods and criteria and to justify a considerable research and development effort. This is necessary not only to enable problems with the current generation of concrete structures to be solved but also to anticipate future developments for the next generation of oil production platforms or for the exploitation of marine resources generally.

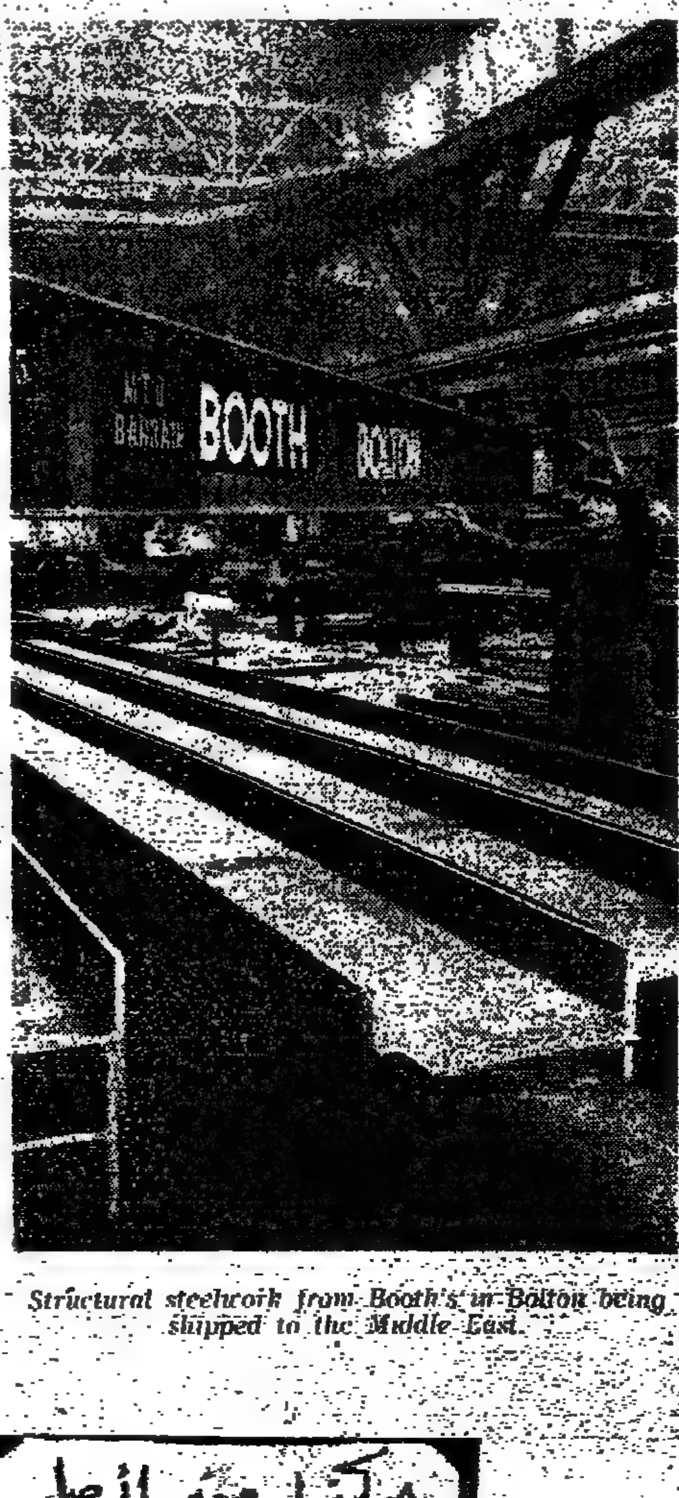
While it might be concrete and steel which are normally associated with the world of construction and civil engineering, extensive use is now being made of textile fabrics for a wide variety of purposes. Techniques which have been developed during the last five years or so are claimed to offer substantial savings in both time and money and in many instances provide technical improvements.

Leaders

ICI are leaders in this field with an estimated 60 per cent of U.K. sales of fabrics for civil engineering applications and the company says it has already sold more than 10m. square metres in this country alone. Large quantities of their fabric are also being used for contracts in countries all over the world.

The ICI fabric, known as Terram in Europe, is a specially designed material resulting from from the company's research with bi-component synthetic fibres. Terram has good tensile strength, is porous and enjoys the inherent advantages of synthetics such as immunity to rotting and good chemical resistance. Its first use was for haul roads, unrolled over roughly level ground and covered with a surface material to provide an instant carriageway capable of bearing heavy traffic. Now, it is used extensively in the construction of permanent highways, as well as for drainage and coastal and river bank protection. ICI believes there are scores of applications for its new product and these will grow further as new techniques are developed.

Michael Cassell



Structural steelwork from Booth's in Bolton being shipped to the Middle East.

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Hirers face increasing troubles

AY in which the con- equipment and plant ustry has managed in to avoid the worst recession has been one engths, but the length urrent building slump tably reached the hire s.

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ompanies, according to sources, have now n much of their plant e and put it in moth- il an improvement in et is in evidence. The ht spot has been in markets, and some it has been in demand cast mining.

suggested in some that the recession e the effect of bring- fundamental changes ndustry, forcing some ontractors to the wall ntually strengthening r ones. With around tractors now active in stry with an annual of around £450m., ild appear to be room me rationalisation. this could limit the services available.

inciple on which the has built its success, to provide equipment d cost and with a minimum of overheads, must nevertheless remain the prime objective. At a time of high interest rates and cash flow difficulties, the need for companies to avoid tying up capital in under-utilised plant and equipment is regarded as essential.

Avoided

At present most operators have avoided replacement of equipment wherever possible, getting the last hour out of every unit, and manufacturers have been surviving on the essential replacements. For this reason it is felt that the market will not deteriorate very much further in the near future.

But one of the more interesting sectors of the industry at present is crane hire, which has suffered similar troubles in most parts of the country, with the exception of the North East, where demand for heavy equipment remains good. The amount of work expected to be carried out on Teesside over the next few years is likely to sustain this demand.

A recent study of the U.K. plant hire industry, carried out for Richards and Wallington Industries by Grieveson, Grant outlines the prospects for the coming years. It points out that the industry has suffered seriously because of the central place it holds as a lever for Government economic policy.

It suggests that if public sector expenditure has to be cut back, it is to public sector expenditure on construction that attention is first turned. Potential new contracts are cancelled, expenditure by local authorities is constrained, and repair and maintenance work is reduced.

On the other hand, the long-standing uncertainty in the British economy has tended to work in favour of plant hire. For example, if a contractor is considering buying an expensive item of plant, such as a crane with a capacity with 80 tons or over, he needs to know that the crane will be fully employed for a working life, perhaps estimated at nine years.

Yet the uncertainty about future levels of activity, much of which results from the influence which the Government directly has over the construction sector, means that he cannot be sure of attaining the necessarily high percentage level of capacity working. This, by itself, would add further pressure to make the contractor turn to hire.

The sudden switches that take place between the proportions of work accounted for by the public and private sectors also add to this uncertainty. A sudden drop in demand is likely to result in a sharp reduction in demand for tower cranes. A plant hirer can relatively easily switch his cranes from one part of the country to another, but for a contractor these alternatives are not largely available.

The largest contractors, the report points out, do run their own plant hire fleets and clearly switches to date have taken place between the cranes and plant they use for their own activities and the similar items they have available for plant hire. However, most are not in this position. Uncertainty about economic prospects, as in the overall circumstances, results in greater pressure for the contractor to use plant hire rather than his own plant. This is particularly so with complex, expensive items such as cranes.

An interesting spotlight on the increasing use of plant hire has been obtained from an analysis of the published reports and accounts of contracting companies. For example, Costain's expenditure on plant hire in 1971 amounted to £2.6m., compared with £5.3m. last year. Similarly, John Laing's expenditure rose from £2.0m. in 1970 to £5m. last year, Marchwiel's from £4.7m. to £9.5m. and Taylor Woodrow from £1.8m. to £5.5m.

Although this does not take into account inflationary pressures or the increase of turnover by the companies concerned, it indicates a continuing value shift towards hire of plant. A further method used by Grieveson, Grant to assess growth is the calculation of the value of plant hire in terms of a percentage of turnover.

Turnover

Taking Costain, Laing, Taylor Woodrow and Wimpey together, their total expenditure on plant hire measured as a percentage of turnover was 1.51 per cent. in 1971. It is thought probable that this figure was lower than would otherwise have been the case because of construction companies taking advantage of additional Government investment incentives which were then being made available and which covered the purchase of general plant and equipment.

In 1972 the figure rose sharply to 1.73 per cent. and in 1973 reached its peak of 1.96 per cent. The 1974 figure showed a small decline to 1.73 per cent. far less than might have been expected given the 8 per cent. decline in total output. In 1975 there was a sharper drop to 1.08 per cent., in line with difficulties experienced in the plant hire industry.

However, it is pointed out that for these large companies overseas turnover rose sharply in both 1974 and 1975 and it is in the U.K. where the plant hire market is most developed. Overseas contractors, including U.K. contractors abroad, use a substantially higher proportion of plant which they own themselves, largely because the plant hire sectors in many overseas countries are small or non-existent, so the overseas turnover figures for these major contractors include little plant hire.

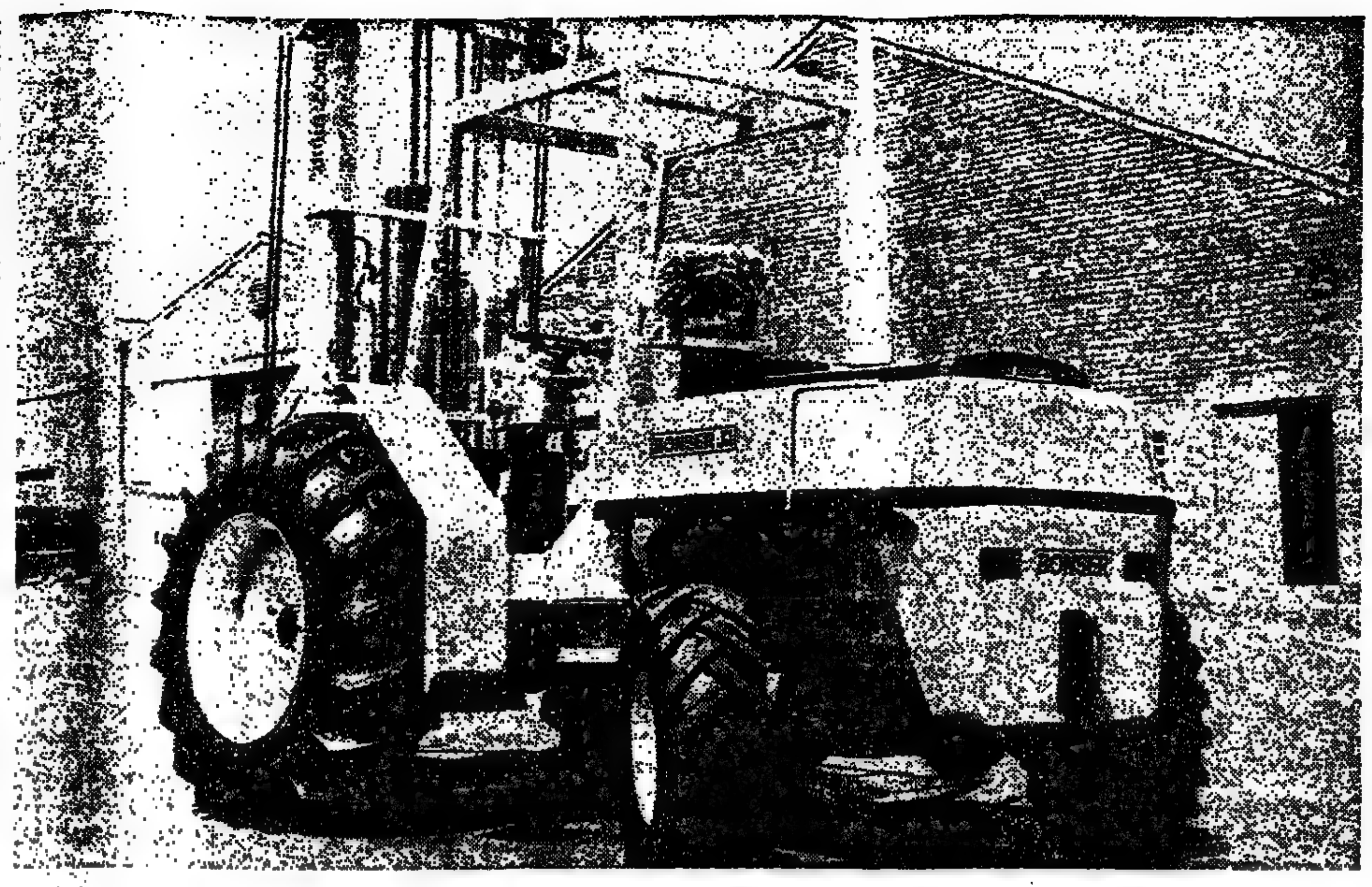
Peak

Again, figures confirm the view that the U.K. market has reached bottom. Taking the U.K. turnover only for these companies and assuming that all plant hire took place in this country (although not strictly correct) it is shown that plant hire as a percentage of turnover rose to a peak in 1973 but has declined only marginally since then, from 2.47 per cent. in 1973 to 2.39 per cent. last year.

Looking briefly at hire usage by construction companies with a turnover of between £90m. and £150m. in 1975, a greater proportion of plant hire is found. This is partly because their work is spread more thinly geographically and movement of owned equipment is more difficult. They also need to preserve cash resources rather than undertake expenditure on expensive plant, particularly when demand is turning down.

Finally, usage by some smaller companies, with turnover between £25m and £55m, is even greater, for the same reasons. The report comments: "Although the level of output in the construction sector has been declining since 1973, figures suggest that there is an underlying strength among medium-sized companies and that it is to plant hire that such companies will turn to carry out a high proportion of work both at the top and bottom of the construction cycle."

Lorne Barling



A Bonser fork lift truck designed to cope with difficult terrain and steep gradients.

Project planners feel the strain

the immortal words n Benjamin Franklin, and as the containing is of paramount e while inflation saving of time dur- ntire design-construct- major priority.

rder books far from competition for avail- ness intense, here and the completion of time and within pro- sts takes on an even gnificance than usual. pressures, therefore, nstruction team as a increased, the out- the prospective client hould be a good one.

the strong position tential customer now g major development es in this country— not too many of them esent time if reports believed—has in the weeks been well d by Mr. Frank e former project con- one of the largest on contracts under- this country recently, nal Exhibition Centre gham.

Graves has so force- ted out, if the current recession has done e any good, the poten- might at least have e for celebration.

what he described as astrophic effects" of were already well e industry's collective he said, could be a n disguise for others. s has pointed out that first quarter of 1974 ddle of this year, the e index increased by per cent. but, during period, tender levels ation of the extent to cost to the client has had risen by only 20 . It was therefore, he rent that the industry giving better value to panies commissioning ings than it had been some time.

al importance, how- he fact that the con- sector cannot afford to is continuing erosion s indefinitely and at t costs would have to on. The logical point happen, according to es at least, is when ry is again under pres- eet demand. It was e, therefore, he warn potential custo- large increases in ten- —up to 50 per cent. s—can be expected as the upturn becomes

aves' views have not complete approval, from that faction of which believes that try generally consis- rcharged in the period is calculations. Mr. oint that the industry iving "better value" ir point, they add.

Mr. Graves has one more point. He claims that what are traditionally regarded as fragmented, sectional interests in the industry are now co-operating in a style rarely experienced in the past. Recent meetings of the consultative council of contractors, sub-contractors, suppliers, unions and professionals alike had made it plain that the acquisition of sufficient work to stay in business was the major objective and that some of the historic differences had thankfully been left behind. Higher standards of efficiency were, as a result, more likely to emerge.

Building on time is primarily a question of efficiency and it is this quality, along with high standards of workmanship, which lie behind the concept of good project management.

Range

The majority of companies and industrial organisations do not, to-day, have the range of professional and technical staff to undertake the type of major development programmes which may be necessary and, even if they did, control of such a project could place too much of a strain on manpower resources. As a result, a rising number of companies are seeking organisations with the project management capability to oversee the total project.

At the moment, British builders and civil engineers are not generally regarded as a major force in the international project management field, certainly not in the same light as the Americans, although that is not to say that some contractors are not picking up some impressive project services contracts.

The job of the project management contractor is an immense one. It will provide a co-ordinated team of specialists, aimed at getting work off the ground with minimal delay, and take overall responsibility for planning, works in progress, procurement and materials control and all the commercial aspects of the project, including financial and accounting procedures and, in turn, budgeting and estimating.

One of the best known project management teams now operating in the U.K. is within Taylor Woodrow, which preferably likes to be in at the very beginning and help appoint a joint management structure for the scheme. This, the company says, enables immediate and rapid progress to be made from the feasibility study, through the first stage of engineering design to the preparation of a definitive cost estimate for the project.

Apart from his overall responsibilities in areas such as planning, critical path networks, technical and commercial advice and cost controls, the project manager also has the invariably unenviable role of trouble-shooter. His skills, however, can in many cases highlight potential problems areas in advance—particularly in areas like delivery of materials—and solve them before they arise.

It is Taylor Woodrow's belief, however, that the key to success of any project lies in its design and that, if this vital area is in any sense deficient or inappropriate for the client, bearing in mind his budget, then no amount of sound project management will provide satisfactory results.

One of the first shocks a potential client has when discussing a new development is the cost likely to be involved. Most have an excellent grasp of costs in their own business but their attitudes towards construction costs are often based on their last, long-distant experience and, despite what Mr. Graves has to say about the current competitive situation—the potential bill for new schemes can lead to a fairly swift and radical reassessment of what was planned.

According to John Wood Rogers, a Taylor Woodrow man at the centre of some of the company's major project management contracts, the contractor turned management services specialist finds himself in a new environment, where he instructs and no longer receives those instructions from someone else.

The skills required, he believes, to oversee multi-disciplinary projects can only be acquired slowly and sometimes painfully but the rewards (other than financial) of coping with the weather, and the labour force while organising plant and temporary works so that every element fits together on time leaving no-one standing idle—sometimes on projects lasting four years and involving a couple of thousand men—are immense. Above all, flexibility to cope with any type of project and, for that matter, client, is of the utmost importance.

He does not pretend, however, that the project management package is about to take the whole industry by storm, far from it. The client, professional team and contractor philosophy still remains the traditional approach and, of course, in many instances this long established system may be perfectly appropriate.

The client who elects to take on a project services contractor can be as involved or remote from the action as he wished. If he has within his own organisation people prepared to and capable of making decisions as well as providing guidance, he may; alternatively, the project manager may take on all responsibility but the client must accept his decisions if the programme stands any chance of real success and is, in effect, performing "a leap of faith" in giving the project management operation an open-ended contract to complete the job on time and on cost.

Michael Cassell

Wage restraint is the key

BY DOUGLAS JAY, M.P.

TO RE-ESTABLISH lasting confidence in sterling the Government should concentrate urgently on achieving a new national agreement for restraining further rises in money incomes. And it should set out to do so before Christmas. All who are serious about the problem can take solid comfort from Mr. Jack Jones's statement on October 1, that "we are not going back to a wage explosion or a free-for-all, but we are going to try to deal with the problem of productivity and the necessary incentives to make industry efficient." For essential as are both budgetary and monetary control, pay restraint from now on is the heart of the matter.

First, you cannot secure real budget economy without pay restraint. It was the 25-30 per cent. annual rise in public employees' salaries and wages right up the scale before August 1975 which has thrown the budget out of balance. Since no Government in a democratic country can suddenly dismiss 25 per cent. of its public servants, police, armed forces the rest, such a rise in pay is bound to upset any budget.

Secondly, the balance-of-payments deficit cannot be overcome quickly enough — and be seen to be disappearing—unless labour costs are restrained. At present the volume of exports is growing, and with existing exchange rates should do so more quickly — provided only costs do not rise.

Thirdly, unemployment cannot be reduced without strict pay restraint. Excessive pay rates are the main cause of present unemployment. If it is agreed that a monetary expansion faster than the growth of output must be prevented, then it follows as the night the day that higher pay for each earner employed means that fewer people will be employed. It is this harsh truth that so many people are unhappily if sincerely ignoring.

Workable

Nor can we afford much more delay. As long as the prospect of pay and prices after August 1977 remains unsure, there can be no certainty of avoiding further upheavals in the exchange rate. A firm agreement, to last for the foreseeable future and announced soon, would do more than anything to steady the exchange rate and give time for exports to expand and North Sea oil to flow.

The strongest doubt some feel about giving priority to incomes policy is the fear that though economically necessary, it is not politically workable. But what is workable depends on experience. And though legal sanctions for restraint have probably been shown to be unworkable, long-term voluntary restraint, supported by public opinion, has not. Nor would the only alternatives proposed — extreme monetary and budget austerity — be any more politically workable, but probably less.

No doubt the economic solution most likely to get us back to real growth and full employment would be a complete salary and wage freeze for another two years. But assuming this to be impracticable, I suggest the following as the main pillars *in an agreed policy for post-August 1977*:

1—It should be *long-term*. There is no rational ground for supposing that with a free-for-all following the end of some temporary restraint, a pay explosion would not soon land us again in the whole unhappy sequence of the last three years. Even if the next stage starts with a transitional year, the programme must be for the foreseeable future.

2—It would also have to be *comprehensive*, covering all earned incomes, rents, dividends and some prices. But if more flexibility were allowed for pay, it could fairly be allowed for dividends also.

3—*It must, crucially, while enforcing a norm for any average annual increase based upon growth of real GNP, allow for changing relativities* between different skills, work, trades and industries. A free economy which leaves choice of jobs to the individual cannot work unless pay is higher where labour is needed than where it is not.

4—How this is to be done remains the most stubborn part of the problem. Various solutions have been suggested recently by experts such as Mr. Pat Lowry of British Leyland and Mr. Frank Blackaby of the National Institute of Economics and Social Research. The alternative most likely to prove workable seems to be basically this. First, an annual national agreement must be reached between the Government and both sides of industry on the average percentage *rise in pay rates possible*. Secondly, no exception above a certain minimum must be allowed unless approved by some authoritative tribunal of last resort.

The inescapable conclusion, if this is basically accepted, is that we have to re-establish in some form a national authority with the essential functions of the National Board for Prices and Incomes, which was so tragically dissolved in 1971 just when it was beginning to gather moral authority. Its principal aim would be, not to promote social justice (which is better left to taxation and social benefits), but to enable the economy to work by restraining the overall rise in pay while allowing relativities to change only where there was a convincing case.

Public opinion

There exists no magic or statistically discoverable "correct" way of determining pay rates. The final referee must, therefore, simply take a view, in the light of all relevant facts (including productivity), and deliver its ruling. It would normally supplement, and not supplant, the present "review bodies" concerned with individual groups.

Experience has also surely shown that the whole venture is more likely to succeed without legal sanctions, simply because these are not enforceable in practice. But for that very reason success will largely depend on the support of public opinion and the gradual building up of the moral authority and clear impartiality of an authority as clearly independent of the Government as judges have long been agreed to be in this country. Their judgments are not infallible either, but are accepted.

What happens, it will be asked, if some powerful group nevertheless decided to defy public opinion and struck against the referee's final award? The answer is that nothing can absolutely prevent this, but a system believed to be fair to all will mobilise the strongest possible force of public opinion against privateering groups, and render complete breakdown as unlikely as is humanly practicable. If even these sanctions fail, the outlook would be grim indeed.

But it would be equally grim, and much more likely, with either a free-for-all, or an extreme old-fashioned deflation—the only practical alternative. Experience of the several attempts already made, particularly that of 1965-71, argues that, given the will, some agreed system on these lines is not intrinsically unworkable. And in that case can anyone really doubt, when they soberly contemplate the perils of failure, that it now ought to be tried?

Entertainment Guide

OPERA & BALLET

THEATRES

ART GALLERIES

CINEMAS

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[LEG]AL NOTICES

[N]o. 003559 of 1976
[In the HIG]H COURT OF JUSTICE [Chancery Div]ision Companies Court. In [the Matter of] P. GOODALL & COMPANY [LIMITED an]d in the Matter of the [Companies Ac]t, 1948.
[NOTICE IS] HEREBY GIVEN that a [Petition for th]e winding up of the above-[named Comp]any by the High Court of [Justice was o]n the 4th day of November [1976, presented] to the said Court by W. H. [...] SONS LIMITED, whose [registered off]ice is situate at 61, Pimlico [Road, London], S.W.1, Timber and Wall-[board Merch]ants, and that the said [Petition is di]rected to be heard before [the Court sitt]ing at the Royal Courts of [Justice, Stran]d, London, WC2A 2LL, on [the 6th day o]f December 1976, and any [creditor or co]ntributory of the said Com-[pany desirous] to support or oppose the [making of an] Order on the said Petition [may appear] at the time of hearing, in [person or by] his counsel, for that pur-[pose; and a c]opy of the Petition will be [furnished by] the undersigned to any [creditor or co]ntributory of the said Com-[pany requiring] such copy on payment of [the regulated] charge for the same.
[BRABY] & WALLER,
[...] Hind Court,
[Fleet S]treet,
[London], E.C.4.
[Solicito]rs for the Petitioner.
[NOTE.—Any] person who intends to [appear on t]he hearing of the said [Petition must] serve on, or send by post [to, the above-]named notice in writing of [his intention s]o to do. The notice must [state the name] and address of the person, [or, if a firm,] the name and address of [the firm, and] must be signed by the [person or firm], or his or their solicitor [(if any), and m]ust be served, or, if posted, [must be sent by] post in sufficient time to [reach the abo]ve-named not later than [four o'clock in th]e afternoon of the 3rd day [of December 1]976.

[No.] 003561 of 1976
[In the HIG]H COURT OF JUSTICE [Chancery Div]ision Companies Court. In [the Matter of] VIDEO 4 LIMITED and [in the Matter] of The Companies Act, [1948].
[NOTICE IS] HEREBY GIVEN, that a [Petition for the] Winding up of the above-[named Compan]y by the High Court of [Justice was on] the 3rd day of November [1976, presented] to the said Court by [...]ILM LABORATORIES [LIMITED whos]e registered office is situate [at ...] Street, London, W.1, Film [...], and t]hat the said Petition is [directed to be] heard before the Court [sitting at the] Royal Courts of Justice, [Strand, London], WC2A 2LL, on the 6th [day of Decemb]er 1976, and any creditor [or contributory] of the said Company [desirous to supp]ort or oppose the making [of an Order o]n the said Petition may [appear at the t]ime of hearing, in person [or by his couns]el, for that purpose; and [a copy of the Pe]tition will be furnished by [the undersigned] to any creditor or con-[tributory of the] said Company requiring [such copy on] payment of the regulated [charge for the] same.
[BRABY &] WALLER,
[... Hind] Court,
[Fleet Stre]et,
[London, E].C.4.
[Solicitors f]or the Petitioner.
[NOTE.—Any] person who intends to [appear on the h]earing of the said Petition [must serve on,] or send by post to, the [above-named n]otice in writing of his [intention so t]o do. The notice must state [the name and] address of the person, or, [if a firm, the n]ame and address of the [firm, and must] be signed by the person [or firm, or his] or their solicitor (if any) [and must be se]rved, or, if posted, must [be sent by post] in sufficient time to reach [the above-name]d not later than four [o'clock in the af]ternoon on the 3rd day of [December 1976].

[IN THE MAT]TER of THE COMPANIES [ACT, 1948 AND] IN THE MATTER OF [...]E & SON LIMITED, [...], 51 Hulse Road, Salis-[bury].
[NOTICE IS H]EREBY GIVEN pursuant [to Section 293] of the Companies Act, [1948, that a ME]ETING of the CREDITORS [of the above-]named Company will be [held at the ...] Hall, 63 Devizes Road, [Salisbury, Wilt]shire on 7th December [1976 at ...] a.m. for the purpose[s mentioned in S]ection 294 et seq of the [said Act].
[Dated this 3]rd day of November 1976.
[BY ORDE]R OF THE BOARD
R. H. Truckle,
Director.

No. 003703 of 1976
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of BESTGRADE UPHOLSTERY WORKS (LONDON) LIMITED and in the Matter of the Companies Act, 1948.
NOTICE IS HEREBY GIVEN that a Petition for the winding-up of the above-named Company by the High Court of Justice was, on the 8th day of November 1976, presented to the said Court by the COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London, EC3R 7HE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL, on the 13th day of December 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.
G. KRIKORIAN,
King's Beam House,
39-41, Mark Lane,
London, EC3R 7HE.
Solicitor to the Petitioners.
NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than 4 o'clock in the afternoon of the 10th day of December 1976.

No. 003668 of 1976
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of TRIPOS HEATING LIMITED and in the Matter of The Companies Act, 1948.
NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 4th day of November 1976, presented to the said Court by SANKEY SOUTHERN LIMITED whose registered office is situate at 22 St. James's Street, London, S.W.1, Builders Merchants, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 6th day of December 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.
BRABY & WALLER,
23 Hind Court,
Fleet Street,
London, E.C.4.
Solicitors for the Petitioner.
NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 3rd day of December 1976.

IN THE MATTER OF THE COMPANIES ACT, 1948 and IN THE MATTER OF STANFORD HOUSE PROPERTIES LIMITED (In Creditors' Voluntary Liquidation).
NOTICE IS HEREBY GIVEN pursuant to Section 299 of the Companies Act, 1948, that a GENERAL MEETING of the MEMBERS of the above-named Company will be held at Room 33 (first floor), Clifford's Inn, Fetter Lane, E.C.4, in the City of London on Friday the 17th day of December, 1976 at 11 a.m. to be followed at 11.15 a.m. by a GENERAL MEETING of the CREDITORS for the purpose of receiving an account of the Liquidator's Acts and Dealings and of the conduct of the Winding-Up to date.
DATED this 8th day of November, 1976.
R. E. FLOYD,
Liquidator.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TO-DAY
BOARD MEETINGS—
Finals:
Berry Trust
Yorkshire and Lancs. Investment Trust
Interims:
Arbuthnot Latham
Ash Spinning
Clarke (Clement)
Dundonian
Great Portland Estates
Heath (C. E.)
L.C.P.
Metal Box
Seccombe Marshall and Campion
Shellabear Price
DIVIDEND & INTEREST PAYMENTS—
Aberdeen 3pc Red. 65-85 1½pc
Agricultural Mortgage 9¼pcDb. 1983-87 4⅝pc
Allen Harvey and Ross Ptg.Pfd.Ord. 1.4p
Alliance Invest. 6pcPf. 2.1pc
Angus Milling Db. 2¼pc
Associated Paper Ln. 3pc
BOC International Dbs. 2⅞ and 3⅜pc
Barclays Bank Ln. 4⅛pc
Barnet 7¼pc Red. 1978 3⅝pc, 7¼pc Red. 82-84 3⅝pc
Beattie (James) Db. 3⅜pc
Birmingham and District Invest. Tst. Db. 2¼pc
Bourne and Hollingsworth 1.25p
Bournemouth 7¼pc Red. 1977 3⅝pc. 8¼pc Red. 77-78 4⅛pc
Bristol 5¼pc Red. 74-76 2⅝pc
British Assets Trust 50-Yr. Db. 2½pc. Db. 2pc
British Electricity 3½pc Gtd. 1976-79 1¾pc
British Sidac Db. 2⅞pc
Brocks Group 1.265p
Burt Boulton Db. 3¼pc
Cardiff 7¼pc Red. 1977 3⅝pc. 7pc Red. 79-82 3½pc
Chase Manhattan 55 cts.
Chersonese (F.M.S.) 0.4p
Clydesdale Invest. Db. 2½pc
Colgate-Palmolive 22 cts.
Croydon 6¾pc Red. 78-81 3⅜pc
Dalgety 4.17945p
Dunbee-Combex-Marx 4.552p
Dundee Annuities per £1 of Ann. 50p
Ega 1.2375p
Elder Smith and Goldsbrough Mort. 8 cts.
Esso Petroleum Db. 3pc
Exchequer Ln. 13¼pc 1996 £5.70
External Invest. Tst. 1.65p
Ferro Metal and Chemical 1.5p
Ferry Pickering 1.3775p
Finance For Industry Ln. 7pc
Friedland Doggart 1.09p
General and Commercial Invest. Tst. Db. 2pc
Gloucestershire 9¼pc Red. 1979-81 4⅝pc
Goodyear Tyre and Rubber Db. 2⅜pc
Hambros Invest. Tst. 5pcPf. 1.75pc
Hindson Print 2.418p
Hume 7pcPf. 2.45pc
Industrial and Commercial Ln. 8pc
Industrial and General Tst. Db. 1¾pc
Investment Trust 4½pcPf. 1.8pc
Kenya 4½pc 71-78 2¼pc
Law Land 1p
Leeds 7½pc Red. 77-78 3¾pc
Liberty Ord. and N/V Ord. 9.3p
Liverpool 9¼pc 1980-84 4⅝pc
Maidstone 6¼pc Red. 79-81 3⅛pc
Malton Invest. Tst. 3p
Mauritius 4½pc 72-77 2¼pc
Nash (William) 6½pcPf. 2.275pc
National 5¼pc Dev.Ln. 79-84 2⅝pc
Newcastle upon Tyne 5½pc Cons. Red. 75-77 2¾pc
Northern Ireland 7pc Exchequer 82-84 3½pc
Peninsular and Oriental Steam Navigation Dfd. Db. 2⅝pc
Poole 5½pc Red. 74-76 2¾pc
Scottish American Inv. 4pcPf. 1.4pc. Db 1¾pc
Scottish Eastern Invest. Tst. Db. 2¼pc
Scottish Northern Invest. Tst. Dbs. 1½ (70-80) 1½ (1962 or after) 2 (73-83) 2 (1985 or after) 2½ and 2¾pc
Scottish United Investors Db. 2¼pc
Staffordshire Potteries Water Board 11¼pc Bds. Red. 1981 5⅝pc
Standard Life Assurance Perp. 2½pc
Sunderland 5½pcBds. Red. 79-81 2¾pc
Swansea 9¼pc 1978-80 4⅝pc
Transatlantic and General Invests. 1.65p
Treasury 3pc 1977 1½pc
United Corps. Class A 37 cts. Class B 16 cts. 5pcCum.Pfd. 37 cts.
Warwickshire 12½pc Red. 1980 6¼pc
Watts Blake Bearne 1p
West Hertfordshire Main Drainage Authority 9¼pc Red. 81-83 4⅝pc
Youghal Carpets 7½pcPf. 2.4375pc. 7½pc Pf. 0.8125pc
Zapata 7½ cts.

TO-MORROW
COMPANY MEETINGS—
Capseals, 27, Hill Street, W., 12
Footwear Industry Investments, Winchester House, E.C., 12
Lockwoods Foods, Spalding, Lincolnshire 12
Rediffusion Television, Stratton House, W., 10.30
Stoddard, Elderslie, Renfrewshire, 12
BOARD MEETINGS—
Finals:
British Ind. and General Investment Trust
Jenks (A. E.) and Cattell
Lancaster (D. M.)
Muirhead
Northern American Trust
Stockholders Inv. Trust
Interims:
Brown Shipley
Charter Consolidated
Courtaulds
Dawson (James)
GEI International
HAT Group
London and Northern Group
Oxley Printing
Wheatsheaf Distribution
Young and Co's Brewery
DIVIDEND & INTEREST PAYMENTS—
Empire Stores (Bradford) 1.53p
Miller (F.) Textiles 1.3006p
Slimma 1.6098p
Southern Kinta Cons. 5p
Sperry Rand 23 cts.

WEDNESDAY, NOVEMBER 17
COMPANY MEETINGS—
Greaves Org., Sutton Coldfield, 12
London and Strathclyde Trust, 2, St. Mary Axe., E.C., 3
Scholes (George H.), Manchester, 12
BOARD MEETINGS—
Finals:
Barton Transport
Morland
Interims:
Acrow
Chamberlin and Hill
Cope Sportswear
Dartmouth Investments
Folkes (John) Hefo
Harcros Investment Trust
Hicking Pentecost
Lloyd (F. H.)
London Prudential Investment Trust
Mills and Allen
Panto (P.)
Unilever Ltd.
Unilever N.V.
Wight Construction
DIVIDEND & INTEREST PAYMENTS—
Albany Invest. Tst. 0.3575p
Barnet 11⅞pcBds. Red. 17/11/76 £6.1002
Bexley 11⅞pcBds. Red. 17/11/76 £6.1002
Blackpool 11⅞pcBds. Red. 17/11/76 £6.1002
Bury 11⅞pcBds. Red. 17/11/76 £6.1002
Capseals 0.8455p
Caterham and Warlingham 6⅞pcBds. Red 11/5/77 3⅞pc
Central Scotland Water Development Board 11⅞pcBds. Red. 17/11/76 £6.1002
Cohen Bros. (Electrical) 0.82868p
Commercial Union Assur. 2.525p
Croydon 11⅞pcBds. Red. 17/11/76 £6.1002
Dover 11⅞pcBds. Red. 17/11/76 £6.1002
Enfield 11⅞pcBds. Red. 17/11/76 £6.1002
Footwear Industry Invests. 2.418724p
Gloucester 11⅞pcBds. Red. 17/11/76 £6.1002
Gravesham 11⅞pcBds. Red. 17/11/76 £6.1002
Islwyn 11⅞pcBds. Red. 17/11/76 £6.1002
Jessel Toynbee 0.875p
Lep 2.1239p
Lliw Valley 11⅞pcBds. Red. 17/11/76 £6.1002
Lockwoods Foods 3.3033p
London and Holyrood Tst. 1p
London and Provincial Tst. 1p
Lothian 11⅞pc Bds. Red. 17/11/76 £6.1002
Manchester 7⅝pcBds. Red. 17/11/76 3[illegible]pc
Merrill Lynch 20 cts.
Metropolitan Police 11⅞pcBds. Red. 17/11/76 £6.1002
Mid Bedfordshire 11⅞pcBds. Red. 17/11/76 £6.1002
Milton Keynes 11⅞pcBds. Red. 17/11/76 £6.1002
Minet 2.31p
Monklands 11⅞pcBds. Red. 17/11/76 £6.1002
Newark 11⅞pcBds. Red. 17/11/76 £6.1002
Newcastle upon Tyne 11⅞pcBds. Red. 17/11/76 £6.1002
Newham 11⅞pcBds. Red. 17/11/76 £6.1002
North Tyneside 11⅞pcBds. Red. 17/11/76 £6.1002
Redditch 11⅞pcBds. Red. 17/11/76 £6.1002
Rhondda 11⅞pcBds. Red. 17/11/76 £6.1002
Rhymney Valley 11⅞pcBds. Red. 17/11/76 £6.1002
Salford 11⅞pcBds. Red. 17/11/76 £6.1002
Scholes (George H.) 10.85p
South Oxfordshire 11⅞pcBds. Red. 17/11/76 £6.1002
Southwark 11⅞pcBds. Red. 17/11/76 £6.1002
Stoddard Ord. and A Ord. 1.40787p
Sunderland 11⅞pcBds. Red. 17/11/76 £6.1002
T.P.T. 1.1p
Treasury Ln. 8pc 1984 4½pc
Wansbeck 11⅞pcBds. Red. 17/11/76 £6.1002
West Dorset 11⅞pcBds. Red. 17/11/76 £6.1002
West Lothian 11⅞pcBds. Red. 17/11/76 £6.1002

THURSDAY, NOVEMBER 18
COMPANY MEETINGS—
Atlantic Assets Trust, Edinburgh, 2.15
French (Thomas), Manchester, 12.30
Prestwich Parker, Atherton, Lancs., 11
Startrite Engineering, Hollingbourne, Nr. Maidstone, 11.45
BOARD MEETINGS—
Finals:
Carr (John) Doncaster
Peak Investment
Rand Selection
Interims:
Beecham
Chalmers (E.)
Cocksedge
Cullens Stores
International Paint
Land Securities Investment Trust
National Carbonising
Northern Securities Trust
Selection Trust
View Forth Investment Trust
Witan Investment
DIVIDEND & INTEREST PAYMENTS—
Camrex 1.47p
Clive Discount 1.31p
Firmin 1.1p
French (Thomas) 1.29p
Lydenburg Platinum 5.8 cts.
MacLellan (P. and W.) 0.5p
Meat Trade Suppliers 3.65p
Patalling Rubber Estates 0.53p
Staffordshire 9¼pc Red 1976 4⅝pc

FRIDAY, NOVEMBER 19
COMPANY MEETINGS—
Bird (Africa), 37 Queen Street, E.C., 11.30
Fitzroy Investment Connaught Rooms, W.C., 11.30
Pontin's, 20, Aldermanbury, E.C., 12
BOARD MEETINGS—
Finals:
Dixon (David)
Interims:
Ferguson Industrial
Macanie (London)
Warner's Holidays
DIVIDEND & INTEREST PAYMENTS—
Aberdeen Construction 1.6p
Angus 10¼pcBds. Red 25/5/77 5⅛pc
BSR 0.862p
Barnsley 10¼pcBds. Red 25/5/77 5⅛pc
Bemrose 1.3468p
Blaenau 10¼pcBds. Red. 25/5/77 5⅛pc
Blyth Valley 10¼pcBds. Red 25/5/77 5⅛pc
Boot (Henry) 2.5p
Brent 10¼pcBds. Red 25/5/77 5⅛pc
Bristol 10¼pcBds. Red. 25/5/77 5⅛pc
Combined English Stores 1.375p
Combined Insurance of America 20 cts.
Doncaster 10¼pcBds Red 25/5/77 5⅛pc
Dudley 10¼pcBds Red. 25/5/77 5⅛pc
Federated Land and Building 0.7p
Gibbs (Antony) 0.715p
Glasgow 10¼pcBds Red. 25/5/77 5⅛pc
Greater London 10¼pcBds. Red. 25/5/77 5⅛pc
Greater Manchester 10¼pcBds. Red. 25/5/77 5⅛pc
Hay (Norman) 0.7p
Heyworth Ceramic 1p
Inverness 10¼pcBds. Red. 25/5/77 5⅛pc
Islington 10¼pcBds. Red. 25/5/77 5⅛pc
Kerrier 10¼pcBds. Red. 25/5/77 5⅛pc
Leeds 10¼pcBds. Red. 25/5/77 5⅛pc
M.F.I. Warehouses 1.755p
Mackay (Hugh) 1.4p
Maidenhead Invests 0.1445p
Newcastle and Gateshead Wtr. 7pc (fmly. 10pc) Max. Cons. 2.8pc 4.9pc (fmly. 7pc) Max. Cons. (1876) 1.96pc 4.9pc (fmly. 7pc) Max. Ord (1898) 1.96pc 4.2pc (fmly. 6pc) Max. Ord 1.68pc 3.5pc (fmly. 5pc) Cons Pf. 1.75pc 2.45pc (fmly. 3½pc) Perp. Pf. 1.225pc 3.5pc (fmly. 5pc) Red. Pf 80-81 1.75pc 4.2pc (fmly. 6pc) Red. Pf. 78-79 2.1pc 4.025pc (fmly. 5¾pc) Red. Pf 82-84 2.0125pc
Nithsdale 10¼pcBds. Red. 25/5/77 5⅛pc
North Devon 10¼pcBds. Red. 25/5/77 5⅛pc
Ogwr 10¼pcBds. Red. 25/5/77 5⅛pc
Ransomes Sims and Jefferies 2.3p
Rother 10¼pcBds Red 25/5/77 5⅛pc
St. Edmundsbury 10¼pcBds Red 25/5/77 5⅛pc
Salford 10¼pcBds. Red. 25/5/77 5⅛pc
Second Broadmount Tst. 0.61p
Somerset 10¼pcBds Red 25/5/77 5⅛pc
Swansea 10¼pcBds. Red 25/5/77 5⅛pc
Telefusion Ord and A 0.547768p
Travis and Arnold 0.6194p
West Lancashire 10¼pcBds. Red. 25/5/77 5⅛pc
West Yorkshire 10¼pcBds. Red. 25/5/77 5⅛pc
Zetters 1.0405p

SATURDAY, NOVEMBER 20
DIVIDEND & INTEREST PAYMENTS—
Caterpillar Tractor 37½ cts.
Coral Leisure 3p

SUNDAY, NOVEMBER 21
DIVIDEND & INTEREST PAYMENTS—
Agricultural Mtg. 3½pcDb 1¾pc 5pc Db. 1979-83 2½pc
Corporation of London 5¼pc 1976-79 2⅝pc. 7¼pc 1979-81 3⅝pc

NOTICE OF REDEMPTION
to the holders of debentures payable in American Currency of the issue designated

8¾% Sinking Fund Debentures due December 15, 1979

(herein called "Debentures") of the

PROVINCE OF NEW BRUNSWICK, CANADA

PUBLIC NOTICE IS HEREBY GIVEN that the Province of New Brunswick intends to and will redeem for SINKING FUND PURPOSES on December 15, 1976, pursuant to the provisions of the Debentures, the following Debentures as indicated, of the above-mentioned issue, at 100% of principal amount plus accrued interest to the redemption date, namely:

Debentures bearing the prefix BM-B:

4	518	1182	2130	2901	3331	3727	4154	4576	5126	5613	6124	6573	7098	7733	8484	9063
10	525	1194	2147	2909	3338	3731	4161	4583	5133	5618	6129	6589	7104	7749	8497	9070
18	530	1209	2164	2918	3346	3742	4166	4594	5140	5624	6133	6600	7116	7757	8500	9082
25	533	1213	2175	[illegible]	3351	3750	4174	4606	5148	5631	6139	6608	7119	7775	8505	9093
33	543	1230	2181	2933	3362	3802	4181	4611	5154	5636	6146	6615	7128	7779	8522	9100
43	549	1243	2190	2944	3368	3809	4188	4623	5159	5641	6151	6624	7145	7792	8533	9105
46	554	1254	2201	[illegible]	[illegible]	3819	4200	4635	5163	5648	6159	6632	7150	7810	8550	9111
50	562	1265	2213	[illegible]	[illegible]	3822	4206	4646	5170	5654	6168	6641	7160	7833	8560	9121
56	569	1275	2227	2970	3389	3831	4211	4656	5176	5660	6173	6650	7168	7856	8566	9126
78	574	1279	2239	2982	3401	3837	4219	4663	5182	5664	6179	6656	7175	7879	8579	9132
83	578	1305	2247	2991	3408	3846	4225	4669	5191	5671	6184	6671	7183	7887	8584	9138
92	581	1318	2258	[illegible]	3414	3852	4235	4678	5199	5679	6190	6683	7194	7905	8597	9149
99	585	1347	2263	3007	3420	3859	4238	4688	5203	5684	6201	6690	7200	7921	8600	9160
102	592	1364	2277	3021	[illegible]	3866	4244	4700	5208	5691	6209	6700	7207	7930	8605	9166
121	598	1380	2291	3028	3427	3876	4251	4711	5216	5697	6217	6704	7219	7946	8609	9170
139	602	1390	2296	[illegible]	3434	3884	4259	4722	5228	5703	6225	6710	7230	7952	8618	9187
150	609	1406	2303	3037	3443	3891	4265	4741	5232	5709	6233	6718	7258	7964	8624	9199
155	617	1417	2311	3050	3450	3895	4270	4764	5237	5714	6241	6722	7276	8007	[illegible]	[illegible]
162	621	1433	2321	3058	3455	3901	4274	4776	5245	5717	6249	6731	7289	8018	[illegible]	[illegible]
177	624	1445	2332	3064	3461	3910	4279	4780	5257	5727	6254	6739	7300	8041	8654	9272
183	631	1457	2353	3073	3465	3919	4283	4793	5263	5734	6263	6743	7309	8050	8664	9279
191	634	1488	2360	3080	3471	3926	4291	4810	5270	5741	6276	6751	7321	8057	8675	9290
195	646	1497	2394	3085	3484	3932	4294	4823	5276	5747	6283	6760	7328	8064	8691	9312
200	654	1502	2402	3092	3489	3938	4301	4839	5283	5758	6291	6770	7335	8079	8707	9322
253	662	1525	2415	3101	3498	3942	4310	4843	5292	5767	6296	6775	7343	8088	8711	9341
269	670	1535	2437	3107	3510	3947	4314	4856	5301	5776	6302	6782	7357	8099	8719	9350
276	678	1547	2458	3111	3518	3952	4323	4865	5307	5782	6308	6791	7361	8104	8740	9364
278	684	1564	2490	3116	3529	3963	4334	4874	5326	5788	6316	6800	7368	8118	8747	9373
289	690	1588	2511	3119	3541	3975	4338	4881	5339	5798	6322	6805	7372	8124	8758	9382
294	703	1612	2525	3124	3546	3985	4344	4891	5346	5802	6330	6817	7379	8140	8770	9400
299	719	1619	2537	3128	3553	3996	4349	4900	5353	5821	6335	6826	7397	8157	8782	9418
300	723	1642	2554	3136	3560	4002	4355	4906	5361	5830	6341	6832	7401	8169	8788	9423
309	726	1707	2571	3140	3566	4012	4361	4913	5368	5845	6348	6842	7411	8174	8800	9427
320	738	1724	2589	3151	3570	4021	4369	4922	5383	5859	6355	6855	7418	8185	8805	9443
329	745	1739	2608	3157	3575	4027	4375	4932	5400	5871	6367	6863	7428	8196	8820	9457
336	756	1768	2624	3164	3580	4033	4395	4951	5407	5881	6373	6875	7442	8201	8831	9470
342	769	1783	2633	3168	3585	4039	4401	4963	5416	5892	6385	6882	7454	8216	8848	9482
348	775	1807	2646	3172	3593	4042	4408	4980	5424	5901	6392	6892	7468	8230	8858	9500
354	788	1821	2660	3176	3602	4045	4412	4992	5432	5917	6402	6898	7475	8240	8867	9509
362	805	1841	2673	3181	3611	4050	4417	4998	5448	5924	6412	6911	7479	8249	8873	9528
366	828	1886	2684	3187	3618	4051	4422	5002	5455	5933	6419	6918	7483	8261	8880	9542
370	851	1903	2692	3196	3622	4059	4430	5008	5466	5950	6426	6924	7490	8283	8892	9577
376	865	1917	2699	3204	3628	4063	4439	5012	5473	5959	6430	6933	7504	8295	8900	9597
384	877	1928	2705	3209	3632	4067	4448	5020	5479	5974	6436	6941	7516	8306	8911	9615
393	886	1937	2710	3217	3639	4073	4459	5027	5483	5988	6445	6950	7530	8314	8915	9663
397	907	1954	2717	3221	3645	4077	4466	5034	5494	6003	6454	6957	7544	8320	8925	9678
410	923	1978	2725	3229	3652	4080	4473	5047	5499	6015	6460	6966	7555	8334	8933	9690
416	1029	1989	2792	3234	3657	4084	4480	5053	5509	6020	6468	6973	7565	8350	8950	9710
423	1041	2009	2801	3238	3663	4091	4487	5059	5526	6028	6473	6981	7584	8358	8956	9722
427	1050	2024	2814	3247	3670	4099	4493	5064	5545	6034	6484	6985	7600	8367	8967	9752
451	1059	2036	2825	3253	3676	4103	4501	5078	5559	6044	6496	6993	7617	8380	8981	9784
458	1073	2049	2828	3260	3681	4109	4510	5083	5566	6053	6506	7008	7634	8386	8993	9816
463	1096	2056	2841	3272	3689	4114	4519	5089	5575	6058	6515	7014	7650	8401	8999	9865
468	1107	2062	2850	3288	3694	4118	4526	5094	5581	6069	6526	7022	7658	8425	9008	9943
475	1114	2071	2856	3294	3700	4124	4533	5100	5587	6076	6535	7032	7676	8438	9016	9974
488	1133	2081	2867	3304	3705	4131	4544	5104	5593	6091	6548	7043	7683	8449	9023	[illegible]
496	1156	2094	2876	3311	3709	4137	4550	5111	5598	6100	6552	7054	7699	8457	9033	
500	1168	2106	2884	3314	3720	4143	4556	5117	5603	6105	6560	7071	7706	8474	9049	
506	1175	2112	2891	3321	3725	4146	4565	5122	5608	6118	6567	7086	7714	8476	9058	

Debentures to be so redeemed, will become due and payable and will be paid in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts in said United States of America, at the office of the Fiscal Agent, Bank of Montreal Trust Company in the Borough of Manhattan, City and State of New York, United States of America, or at any of the offices of the following Paying Agents: Bank of Montreal (Main Office) in Montreal, Canada; Bank of Montreal in London, England; Banque Francaise de Depots et de Titres in Paris, France; Amsterdam-Rotterdam Bank N.V. in Amsterdam, the Netherlands; Kredietbank N.V. in Brussels, Belgium; Deutsche Bank AG (Main Office) in Frankfurt, Federal Republic of Germany; Kredietbank S.A. Luxembourgeoise in Luxembourg, Grand Duchy of Luxembourg, upon presentation and surrender of Debentures bearing the above numbers, with all coupons maturing after December 15, 1976 attached.

From and after December 15, 1976 interest on the Debentures to be so redeemed will cease and interest coupons maturing subsequent to that date will be void.

DATED AT FREDERICTON
THIS FIFTEENTH DAY OF NOVEMBER, 1976

Minister of Finance
PROVINCE OF NEW BRUNSWICK

BARLOW RAND LIMITED

(Incorporated in the Republic of South Africa)

CONSOLIDATED PROFIT AND ORDINARY DIVIDEND

[Th]e audited consolidated results for the year ended 30 September 1976 are as set out [below]:

	1976 £000's	1975 £000's
[Turnov]er	758,039	654,166
[Tradin]g Profit	90,364	67,752
[Income] from Investments	8,898	11,011
[Profit] on sale of shares, less amounts written off	1,003	677
[Profit] before taxation	100,265	79,440
[Taxatio]n	36,140	25,143
[Profit] after taxation	64,125	54,297
[Attribu]table to outside shareholders in subsidiaries	12,392	8,959
[Consoli]dated net trading profit	51,733	45,338
[Numbe]r of fully paid ordinary shares in issue (000's)	101,325	98,564
[Numbe]r of ordinary shares on which earnings per [share] is based (000's)	101,315	98,536
[Earnin]gs per ordinary share	51.0p	46.0p
[Divide]nds per ordinary share on fully paid shares [declare]d	17.0p	16.3p

(1) The Rand has been converted to Sterling at 1R = £0.71 and this rate of exchange has also been used for comparative figures.
(2) Losses on currency fluctuations previously shown as non-trading items have been charged against consolidated net trading profit, and earnings per share have been re-stated.

[A] final dividend of 17.0 cents per share has been declared. This dividend with the [interim] dividend of 7.0 cents per share, makes a total distribution of 24.0 cents for the [year, a]n increase of 4.3 per cent over the dividends for 1975. The final dividend is [payable] to shareholders registered at the close of business on 26 November 1976, and a notice to this effect appears below.

[Th]e annual financial statements will be mailed to shareholders on or about 3 [Decemb]er 1976.

C. S. BARLOW, Chairman.
A. M. ROSHOLT, Vice-Chairman and Chief Executive.

ORDINARY DIVIDEND NO. 94

[NO]TICE IS HEREBY GIVEN that a dividend of 17.0 cents per share has been [declare]d payable to shareholders registered in the ordinary share register of the company [at the c]lose of business on 26 November 1976. This dividend, together with the dividend [which] was declared on 18 February 1976, makes a total distribution in respect of the [financia]l year ended 30 September 1976 of 24.0 cents per share (1975: 23.0 cents).

[Th]e transfer books and registers of members of the company in South Africa and [the Uni]ted Kingdom will be closed from 27 November 1976 to 3 December 1976, both days [inclusiv]e, for the purpose of determining shareholders to whom the dividend will be [paid. D]ividend warrants will be posted on or about 21 January 1977 to shareholders at [their r]egistered addresses or in accordance with their written instructions received up [to and] including 26 November 1976.

[Th]is dividend is declared in the currency of the Republic of South Africa and the [rate of] exchange at which the dividend will be converted into United Kingdom currency [for pay]ment of dividends from the United Kingdom share transfer office will be the [telegra]phic transfer rate of exchange between South Africa and the United Kingdom [ruling o]n the first business day after 7 January 1977.

[In] terms of the South African Income Tax Act, 1962, as amended, a non-resident [shareho]lders' tax has been imposed on dividends payable to:
[(a)] persons other than companies, not ordinarily resident nor carrying on business in the Republic of South Africa, and,
[(b)] companies which are not South African companies,
[The] company will accordingly deduct the tax from dividends payable to shareholders [whose] addresses in the share register are outside the Republic of South Africa.

By Order of the Board,
W. C. WARRINER, Secretary.

[...N]ember, 1976

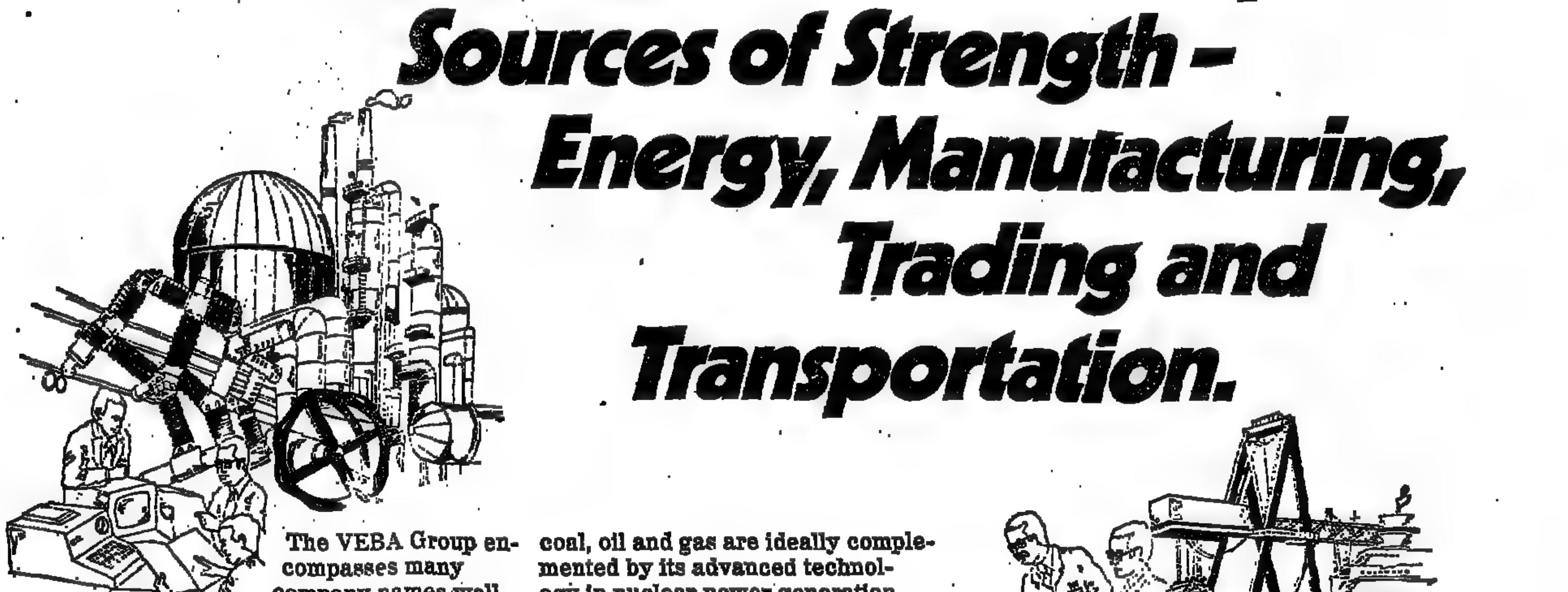
[Registe]red Office: [...]eer Street, [...]ontein, [...S]outh Africa. [(P.O. B]ox 4862, [Johann]esburg, [S]outh Africa.)

United Kingdom Registrars:
Lloyds Bank Limited,
Registrar's Department,
The Causeway,
Goring by Sea,
Worthing, Sussex, BN12 6DA,
England.

Transfer Secretaries:
Rand Registrars Limited,
2nd Floor,
Devonshire House,
49 Jorissen Street,
Braamfontein,
2001—South Africa.
(P.O. Box 31719,
Braamfontein,
2017—South Africa.)

VEBA

Our Group's Sources of Strength – Energy, Manufacturing, Trading and Transportation.



The VEBA Group encompasses many company names well established in their respective markets, from ARAL with around 8,000 petrol service stations to STINNES, specialists in world-wide trading and transportation, from DEMINEX, active in global oil exploration to PREUSSENELEKTRA, a leader in nuclear power plants. All in all, there are several hundred companies that make up the VEBA Group, one of Germany's top industrial concerns, with an annual turnover in excess of DM 25 billion (1975 DM 24.8 billion).

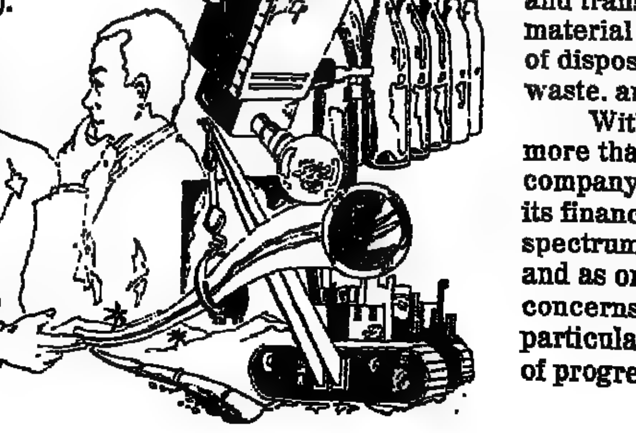
During the first six months of 1976 turnover of production increased by 16.6%. This includes among others petro-chemicals and organic products, plastics, fertilizers and hollow glass.

The turnover of the service sector comprising trading and transportation as well as freight forwarding and handling, ocean and inland shipping and the pioneering of new markets was up by 11.8%.

VEBA's paramount activity, electricity generating and supply which regularly absorbs more than 70% of total group investments, achieved a 19.2% increase in output during the first six months of this year. In this sector, VEBA's more than 70 years of experience in power station planning and construction play a major role and its traditional energy sources coal, oil and gas are ideally complemented by its advanced technology in nuclear power generation.

Overall the Group achieved a profit increase of 104% in the first half, reaching a total of DM 96 million.

The Group's immensely broad base makes it an ideal partner for joint-venture projects on a national and international scale and its engineering know-how in specialized fields can be of invaluable benefit to its business partners.



Here, experience in uranium enrichment, manufacture of fuel elements, recycling of atomic fuels, and transport of radioactive material as well as the development of disposal methods for nuclear waste are of specific importance.

With 1.2 million shareholders, more than any other European company, the VEBA Group draws its financial strength from the full spectrum of German economic life, and as one of the foremost energy concerns in the country, it is particularly responsive to the needs of progress.

VEBA
Energy is our Business

VEBA AG
Karl-Arnold-Platz 3, P.O. Box 300306, D-4000 Düsseldorf 30
West Germany

OVERSEAS MARKETS

EUROBONDS

BY TONY HAWKINS

Comparing issues from two banks

AFTER A WEEK during which prices of dollar bonds fell by between 1 and 1½ per cent., a steadier tone developed on Friday afternoon enabling the market to end the week with prices above their lows. No single explanation can be given for the reaction which pulled the secondary market back from its 1976 highs reached earlier in the month, but a combination of political, economic, technical and even seasonal factors conspired to produce last week's downtrend.

A new president in the U.S. with a fuzzy but still inflationary economic image, political and economic uncertainties in several major industrial economies, the looming prospect of another oil price rise, an extremely gloomy economic scenario from the OECD, a continuing, steady stream of new Eurobond issues, a start to the year-end squaring-up of their books by professionals, and the tendency for retail investors to await the crop of new issues reportedly in the pipeline—all had their effects on the secondary market.

Ironically, the OECD forecast of renewed recession, on present policies, in the latter half of 1977 implies a continuing high level of new issue activity in the short-term, though the quality of the borrower may leave something to be desired.

It would seem to point to expansionary — and therefore easy money—policies in the U.S., West Germany and Japan, with continuing high levels of liquidity unless and until bank borrowing really does take off in the U.S. Thus, the fundamentals on the supply and interest rate fronts will encourage new borrowers.

New issues announced to-day include the Credit National $100m 10-year bonds on an indicated 8¼ per cent. coupon with an average life of 8 years. Joint lead managers are Credit Lyonnais and Morgan Stanley International and the bonds have a French Government guarantee. This issue provides an interesting comparison with the Midland Bank offer which is also 10 years in final maturity (average life of 7.2 years) but a slightly higher coupon of 8¾ per cent. Whether the ½ per cent. coupon differential reflects the French Government guarantee or the status of a U.K. name is a matter for conjecture.

Also new to-day is the $30m. issue of seven-year bullet notes on an indicated 8 per cent coupon for the European Coal and Steel Community. Lead managers are Hill Samuel and the Kuwait Investment Company. At present, the notes are expected to be priced at a small discount on November 24.

Hill Samuel and Nomura (Europe) are joint lead managers for the $12m equity issue for Jusco, which is one of the largest department stores in Japan. Jusco is offering the equivalent of 2.4m shares of common stock which will be priced at a discount on the Tokyo Stock Exchange closing price for November 22.

A significant reduction in Swiss coupon rates is evident in the 5½ per cent Sw.Frs.60m. issue over 14 years for the Austrian group Vorarlberger Kraftwerke AG. In recent months 5¾ per cent has been the going rate for Swiss Eurobond issues.

In the next ten days considerable interest will centre on the outcome of the two U.K. names currently in the market—Midland Bank and the South of Scotland Electricity Board. The conventional wisdom—which it must be said is frequently wrong—has it that the Midland Bank at 8¾ per cent. is realistically priced, despite the fact that an investor can obtain a higher return on a comparable existing issue in the secondary market (Natwest 1986 issue), while the coupon of 8¼ per cent. with a Treasury guarantee for the South of Scotland is seen, certainly in the secondary market, as being too low. When asked why 8¾ per cent. for a 7.2 year average life bond for Midland Bank is realistic while 8¼ per cent. for a 5-year bullet with a U.K. Government guarantee is not, one gets two replies. The cynical response that the Government guarantee is meaningless and the more rational comment that investors prefer corporate borrowers especially one such as Midland Bank with two successful floating rate issues under its belt as well as a good corporate image.

We must wait and see. The fact is that a substantial portion of the South of Scotland issue has been pre-placed and it may yet surprise its critics, though realism dictates that one expects to see the bonds priced at a discount. Regardless of the merits of the two U.K. names, we have an intriguing comparison now between two banks—Midland in the U.K., without any Government guarantee, raising $75m. over 7.2 years at 8¾ per cent and Credit National with the Government guarantee, over 8 years average life on an indicated 8¼ per cent. coupon. This comparison may well give a better picture of U.K. creditworthiness than the South of Scotland issue.

EUROBOND TURNOVER

nominal value $m.

	Week ended Nov. 12	Nov. 5
Cedel	980.7	361.7
Euroclear	360.2	737.6

AUSTRALIAN WEEKLY LIST

Australian $	Nov. 12	Nov. 5	Australian $	Nov. 12	Nov. 5
Advertiser Newspaper	†1.62	†1.63	Kiwi Int.	†0.85	†0.85
Ansett Transport	†1.13	[illegible]	M.L.C.	†2.20	†2.45
Assd. Securities	†0.39	†0.39	Mauri Bros.	†0.59	†0.60
Aust. Guarantee	†1.58	†1.55	Mayne Nickless	†1.52	†1.56
Aust. Paper M'nf'rg.	†1.28	†1.32	Nylex Corporation	†0.36	†0.37
Boral	†1.85	†1.86	Olympic Cons.	†0.44	†0.45
Bramble Inds.	†1.57	†1.61	Overseas Corporation	†1.23	†1.30
Burns Philip	†2.12	†2.30	Petersville	†0.75	—
Carpenter W.R.	†1.15	†1.24	Queensland Cemdit.	†1.30	†1.30
Castlemaine Perkins	†3.60	†3.70	QBE	†1.15	†1.17
Coal & Allied	†1.85	†1.88	Rocla Industries	†0.82	†0.85
Commercial Bank	†2.50	†2.50	Swan Brewery	†1.25	†1.28
Commercial Union	†0.42	†0.40	TV Corporation	†0.83	†0.75
Commonw'lth Mining	†2.20	†2.20	Thiess	†2.00	†2.03
Grace Bros.	†1.80	†1.92	Thomas Nat. Trans.	†1.60	†1.56
Hardie Asbestos	†5.60	†5.80	Tooheys	†1.12	†1.15
Herald & Weekly	†1.98	—	Travelodge	†0.45	[illegible]
Humes	†0.79	†0.79	Woodside Burmah	†1.08	†1.17

† Buyer. ‡ Seller.

TEL AVIV STOCK EXCHANGE

Company	Prices Nov. 14 1976	Change on the week	Company	Prices Nov. 14 1976	Change of the week
Banking, Insurance and Finance			Investment Companies		
Bank Leumi Le Israel	247	-19.0	Bank Leumi Invest.	255	+31.0
I.D.B. Bankholding	268	+6.0	Discount Bank Invest Br.	255	+5.0
[illegible]			"CLAL" Israel Invest.	213	+5.0
			"CLAL" Industries	168	+2.0

Source: Bank Leumi Le Israel, Tel Aviv.

JOHANNESBURG

AUSTRALIA

HONG KONG

SINGAPORE STOCKS

CANADIAN WEEKLY LIST

Paktank Truckholding

By Friso Endt

ROTTERDAM, PAKTANK, Corporation Houston, Texas, the Dutch Pakhoed ... reached agreement for the sale of its ... sion, Truckholding ... of Houston, to a group of investors.

"Truckholding Inc., part of Robertson D... Houston, a company taken over by Pakt... three years ago ... The sale of Truck... take place early in ... holding employs ... and owns 1,060 ... corporation in ... covers tank ... Houston, Texas, ... Philadelphia, and California.

Indices

NEW YORK DOW JONES

	Nov. 12	Nov. 11	Nov. 10	Nov. 9	Nov. 8	Nov. 5	1976 High	1976 Low	Since compilation High	Since compilation Low
Industrial	927.69	931.43	924.04	930.77	933.68	943.07	1014.79 (21/9)	858.71 (2/1)	1051.70 (11/1/73)	41.22 (2/7/32)
Home Bonds*	89.69	89.68	89.56	89.70	89.60	89.45	89.88 (23/9)	85.98 (2/1)	—	
Transport	211.51	211.76	210.50	211.76	211.76	214.23	231.27 (4/7)	175.69 (2/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	99.67	98.45	98.19	98.29	97.58	95.00	98.02 (21/9)	84.8 (2/5)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	15,950	13,230	16,650	19,210	16,520	20,710	—	—		

* Basis of index changed from July 1.

	Nov. 5	Oct. 29	Oct. 22	Year ago (approx.)
Ind. div. yield %	4.07	3.98	4.09	4.60

STANDARDS AND POORS

	Nov. 12	Nov. 11	Nov. 10	Nov. 9	Nov. 8	Nov. 5	1976 High	1976 Low	Since compilation High	Since compilation Low
*Industrials	110.75	111.28	110.26	110.86	111.21	112.81	120.89 (21/9)	101.64 (2/1)	134.64 (11/1/73)	3.52 (30/6/32)
Composite	99.24	99.64	98.81	99.32	99.60	100.82	107.83 (21/9)	90.90 (2/1)	120.24 (11/1/73)	4.40 (1/6/32)

	Nov. 10	Nov. 3	Oct. 27	Year ago (approx.)
Ind. div. yield %	3.89	3.75	3.61	3.68
Ind. P/E Ratio	11.14	11.55	11.52	12.02
Long Govt. Bond yield	6.56	6.59	6.56	6.07

N.Y.S.E. ALL COMMON

Nov. 12	Nov. 11	Nov. 10	Nov. 9	1976 High	1976 Low
55.10	55.29	52.90	55.14	57.51 (10/7/4)	57.06 (2/1/76)

Rises and Falls	Nov. 12
Issues Traded—1,856	Up—612
Down—745	Same—499
New Highs 23	New Lows 29

MONTREAL

	Nov. 12	Nov. 11	Nov. 10	Nov. 8	1976 High	1976 Low
Industrial	172.57	175.58	172.70	175.75	207.58 (19/3)	172.57 (12/11)
Combined	172.95	175.01	172.25	174.40	189.78 (20/2)	172.95 (12/11)
TORONTO Industrial	172.96	173.80	173.15	174.49	197.48 (20/2)	172.96 (12/11)
JOHANNESBURG Gold	175.3	170.2	169.7	162.8	229.7 (12/3)	118.5 (25/8)
Industrials	175.0	175.0	174.9	174.7	216.8 (21/5)	174.1 (9/11)

	Nov. 12	Pre-vious	1976 High	1976 Low
Australia (a)	424.97	424.75	522.62 (19/2)	419.52 (8/11)
Belgium (b)	[illegible]	91.76	110.16 (25/2)	91.15 (29/10)
Denmark (c)	105.07	105.14	117.70 (4/2)	103.14 (13/10)
France (d)	64.9	65.2	74.5 (5/5)	62.5 (26/10)
Germany (e)	713.2	716.1	821.7 (17/3)	701.7 (28/10)
Holland (g)	80.8	80.5	105.4 (12/2)	77.4 (15/10)
Hongkong (h)	344.21	396.82	465.33 (17/5)	404.52 (2/1)
Italy (k)	64.73	65.15	91.57 (25/2)	64.93 (10/11)
Japan* (m)	349.12	349.06	393.61 (1/9)	326.22 (6/1)
Singapore (n)	249.28	249.02	256.16 (5/2)	238.63 (2/1)

	Nov. 12	Pre-vious	1976 High	1976 Low
Spain (p)	76.09	72.22	100.79 (7/5)	72.22 (11/11)
Sweden (q)	329.82	325.76	478.85 (1/7)	300.31 (5/11)
Switz'ld (r)	262.7	261.7	298.6 (1/3)	261.7 (29/10)

Indices and base dates (all base values 100 except NYSE All Common—50 and Standards and Poors 10): (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73. (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966. (p) Madrid SE 31/12/74. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp 31/12/56. (u) Unavailable. ‡ Excluding bonds. * 400 Industrials. † 400 Inds., 40 Utilities 40 Finance and 20 Transport. (v) Closed.

CORAL INDEX Close 304-309

I.G. Index 01-351 3466 March Cocoa 2030½-2037½

Investment premium based on $2.60 per £ — 118% (119½%)

OVERSEAS SHARE INFORMATION

NEW YORK

1976 High	1976 Low	Stock	Nov. 12
79¾	43¾	Corning Glass	[illegible]
48½	40⅛	CPC Int'nation'l	42
59¾	24⅜	Crane	26⅞
35⅛	22½	Johns Manville	32½
96⅛	80¾	Johnson Johnson	80⅝
25½	12⅜	Johnson Control	21⅞
50½	22⅜	Joy Manufactu'g	43⅞
40⅛	27⅛	Republic Steel	31⅛
69¾	42½	Revlon	42½
42⅝	22⅛	Reynolds Metals	34½
68⅛	58⅛	Reynolds R. J.	62⅞
[illegible]			

CANADA

GERMANY

PARIS

AMSTERDAM

MILAN

TOKYO

OSLO

BRAZIL

VIENNA

BRUSSELS/LUXEMBOURG

SWITZERLAND

SPAIN

STOCKHOLM

COPENHAGEN

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax. [illegible]

AUTHORISED UNIT TRUSTS

[illegible]

REGIONAL MARKETS

...of the share prices previously shown under regional headings is ... with quotations on London. Irish issues, most of which are not ... in London, are shown separately and with prices as on the Irish ...

		Higsons Brew.	63	+3		IRISH Conv. 9% '80/82	£78	
16	......	I.O.M. Stm. £1	125	......		Alliance Gas	46	
34	......	Holt (Jos.) 25p.	182	......		Arnott	190	
21	......	Kleen-e-Ze	51	......		Carroll (P.J.)	95	
125	+1	Lovell's Ship £1	130	......		Clondalkin	53	
24	......	N'thn. Goldsmith	22	......		Concrete Prods.	48	
350	......	P.M.A.	23	-1		Heiton (Hldgs.)	29	
20	......	Pearce (C. H.)	85	......		Ind. News	35	
63	......	Peel Mills	11	......		Ins. Corp.	148	
22	......	RobbCaledonSh.	57	......		Irish Distillers	39	
8	......	Sayers 12½p	15	......		Irish Ropes	85	
53	......	Sheffield Brick	73	......		Jacob	45½xd	
16	......	Sheff. Refrshmt.	130	......		Sunbeam	18	
300	......	Shiloh Spinn.	21	......		T.M.G.	68	
6	......	Sindall (Wm.)	49	......		Unidare	42	

FINANCIAL TIMES STOCK INDICES

	Nov. 12	Nov. 11	Nov. 10	Nov. 9	Nov. 8	Nov. 5	A Year ago
[illegible]	57.72	57.50	57.76	57.54	57.19	57.86	58.57
[illegible]	57.38	57.53	57.36	57.08	57.20	57.56	59.05
...ary	508.9	299.4	302.7	296.8	291.0	308.7	366.6
[illegible]	143.8	138.3	140.4	129.6	129.4	120.1	251.7
[illegible]	7.08	7.27	7.20	7.38	7.50	7.14	5.79
[illegible]	22.04	22.59	22.46	23.04	23.16	22.03	16.08
[illegible]	6.64	5.46	6.53	6.36	6.35	6.67	9.05
[illegible]	4,462	4,760	4,880	4,964	5,815	6,261	7,757
...£m.	—	49.21	54.07	46.66	49.60	66.34	70.45
...total.	—	10,477	10,822	11,100	11,164	14,257	12,269

...a.m. 301.8. 11 a.m. 306.1. Noon 305.2. 1 p.m. 305.4.
2 p.m. 305.4. 3 p.m. 305.2.
Latest Index 01-246 8026.

...Based on 52 per cent. corporation tax. (b) Nil=6.59.
...Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold ... SE Activity July-Dec. 1952.

HIGHS AND LOWS

	1976 High	1976 Low	Since Compil'n High	Since Compil'n Low
[illegible]	...41	55.88 (27/10)	127.4 (9/1/35)	49.18 (3/1/75)
[illegible]	...45	55.37 (28/10)	150.4 (28/11/47)	50.53 (3/1/75)
[illegible]	...0.6	265.3 (27/10)	549.2 (19/5/72)	49.4 (26/6/40)
[illegible]	...6.9	78.6	442.3	42.5 (26/10/71)

S.E. ACTIVITY

—	Nov. 12	Nov. 11
Daily—		
Gilt-Edged	220.9	193.1
Industrials	132.5	146.6
Speculative	45.9	50.0
Totals	101.6	108.5
5-day Av'r'ge.		
Gilt-Edged	220.8	251.4
Industrials	151.3	153.2
Speculative	44.5	42.3
Totals	115.5	121.4

FT—ACTUARIES INDICES

	Nov. 12	Nov. 11	Nov. 10	Nov. 9	Nov. 8	Nov. 5	A year ago
[illegible]	121.48	119.17	120.74	116.40	117.29	121.29	146.56
[illegible]	141.08	138.60	139.80	135.35	136.02	141.00	161.92
[illegible]	7.39	7.51	7.44	7.68	7.64	7.37	5.68
[illegible]	7.70	7.57	7.65	7.43	7.47	7.74	9.21
[illegible]	130.78	128.59	129.75	125.65	126.28	130.87	155.99
[illegible]	15.16	15.27	15.27	15.38	15.37	15.12	14.72

BASE LENDING RATES

...Banks Ld.	14 %	■ Hill Samuel	§14 %
...xpress Bank	14 %	C. Hoare & Co.	†14 %
...guese Bank	14 %	Julian S. Hodge	15 %
...bacher	14½%	Hongkong & Shanghai	14 %
...Bilbao	14 %	Industrial Bank of Scot.	14 %
...prus	14 %	Keyser Ullmann	14 %
...S.W.	14 %	Knowsley & Co. Ltd.	15½%
...Rhone S.A.	14½%	Lloyds Bank	14 %
...ank	14 %	London & European	14½%
...ristie Ltd.	15 %	London Mercantile	14 %
...ldings Ltd.	14 %	Midland Bank	14 %
...of Mid. East	14 %	■ Samuel Montagu	14 %
...ley	14½%	■ Morgan Grenfell	14 %
...manent AFI	14 %	National Westminster	14 %
...C Fin. Ltd.	14 %	Norwich General Trust	14 %
...ater Co. Ltd.	14 %	P. S. Refson & Co.	14 %
...ings	12½%	Rossminster Accept'es.	14 %
...e Japhet	14 %	Royal Bk. Canada Trust	14 %
...es	15 %	Schlesinger Limited	14 %
...d Credits	14 %	E. S. Schwab	15 %
...e Bank	*14 %	Security Trust Co. Ltd.	15 %
...Securities	14 %	Shenley Trust	16 %
...nais	14 %	Standard Chartered	14 %
...es	15 %	Trade Development Bk.	14 %
...wrie	14 %	Twentieth Century Bk.	15 %
...	14 %	United Bank of Kuwait	14 %
...nscont	14 %	Whiteaway Laidlaw	14½%
...n Secs.	14 %	Williams & Glyn's	14 %
...Fin. Corp.	16 %	Yorkshire Bank	14 %
...ecs. Ltd.	16 %		
...bs	14 %		
...ant Trust	14 %		
...Guaranty	14 %		
...ank	‡14 %		
...ahon	14 %		
...nk	14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11%. 1-month deposits 11½%.
† 7-day deposits on sums of £10,000 and under 11% up to £25,000 11½% and over £25,000 11¾%.
§ Demand deposits 12%.
‡ Call deposits over £1,000 11%.

INSURANCE, PROPERTY, BONDS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

[illegible]

NOTES

[illegible]

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
14J	14D	Treasury 10½pc 1976‡‡	99	8.11	10.55	13.96
10S	10M	Treasury 6¾pc 1977‡‡	97¼	4.8	6.40	13.65
15S	15M	Electric 3pc 74-77	97¼	9.8	3.09	11.86
26M	26S	Treasury 11½pc '77‡‡	98	20.8	11.71	13.68
15M	15N	Treasury 3pc '77‡‡	94	11.10	3.20	9.59
20J	20D	Transport 4pc '72-77	94	14.5	4.27	10.22
15S	15M	Treasury 9pc 1978‡‡	95	9.5	9.45	13.01
14J	14Ju	Treasury 10½pc '78‡‡	95	7.6	11.00	13.58
26M	26S	Exch. 5pc '76-78	90	20.8	5.55	10.95
9S	9M	Treasury 11½pc '79‡‡	94	3.2	12.19	14.45
9S	9M	Treas. 11½pc '79 'A'‡‡	94½	—	12.20	14.67
17M	17S	Treasury 3pc '79‡‡	82	11.8	3.64	10.29
26M	26S	Electric 4½pc '74-79	83	20.8	5.10	11.16
1M	1N	Treasury 10½pc '79‡‡	90	27.9	11.55	14.37
15M	15N	Electric 3½pc '76-79	82xd	11.10	4.25	10.48
3S	3M	Treasury 9pc 1980‡‡	86	26.7	10.48	14.51
14N	14M	Treasury 9½pc '80‡‡	86¼	8.10	11.01	14.68
15D	15J	Treasury 3½pc '77-80	79¼xd	3.11	4.42	10.64
15D	15J	Funding 5¼pc '78-80‡‡	81¼	2.11	6.47	11.85
15J	15Ja	Treasury 11½pc 1981‡‡	90	3.6	12.74	14.66
15A	15F	Treasury 3½pc 1979-81	77	9.7	4.55	10.28
1O	1A	Treasury 9¾pc 1981‡‡	85	25.8	11.49	14.52
		Five to Fifteen Years				
15J	15Ja	Treasury 8¼pc '80-82‡‡	82	8.6	10.71	14.25
15F	15A	Treasury 3pc '82‡‡	70	—	4.29	10.61
—		Treasury 14pc '82‡‡●	98	—	14.25	14.49
17S	17M	Treasury 12pc 1983‡‡	91	11.8	13.44	14.64
15J	15Ja	Funding 5½pc '82-84‡‡	71¼	8.6	7.95	12.01
10J	10Ju	Treasury 8½pc '84-86‡‡	77	3.6	11.49	13.37
1N	1M	Funding 6½pc '85-87‡‡	62	27.9	10.50	13.36
26J	26Ja	Treasury 7¾pc '85-88‡‡	67½	21.6	11.95	14.03
1J	1Ju	Transport 3pc '78-88	46	25.5	6.65	11.74
15A	15O	Treasury 5pc '86-89	49	9.9	10.15	13.34
15J	15Ja	Treasury 13pc 1990‡‡	92	8.6	15.06	15.45
15D	15J	Treasury 8¼pc '87-90‡‡	62¼xd	8.11	13.17	14.69
5O	5A	Funding 5¾pc '87-91‡‡	49½	1.10	11.82	14.22
		Over Fifteen Years				
22J	22Ja	Treasury 13¼pc '92‡‡	87	23.6	15.37	15.70
14J	14Ju	Treasury 12½pc '93‡‡	85½	7.6	15.46	15.75
15M	15S	Funding 6pc 1993‡‡	47	9.8	12.96	14.67
17M	17N	Treasury 9pc '94‡‡	61xd	11.10	14.69	15.42
1M	1S	Treasury 14½pc '94‡‡	94½	—	15.75	15.84
1N	1M	Gas 3pc '90-95	29	27.9	10.07	13.28
15M	15N	Treasury 12¾pc '95‡‡	82xd	11.10	15.62	15.83
15S	15M	Treasury 9pc '92-96‡‡	61	9.8	14.95	15.55
—		Treasury 15¼pc '96‡‡●	97½	—	15.64	15.66
15M	15N	Exchequer 13½pc '96‡‡	84½xd	11.10	15.64	15.66
1A	1O	Redemption 3pc 1986-96	29	25.8	10.42	13.21
22J	22Ja	Treasury 13¼pc '97‡‡	88	15.6	15.76	15.90
1M	1S	Treasury 8¾pc 1997‡‡	60	[illegible]	15.01	15.52
1N	1M	Treasury 6¾pc '95-98‡‡	46	27.9	14.54	15.32
30M	30S	Treas. 15½pc '98‡‡	98	—	15.64	15.95
15J	15Ja	Treasury 9½pc 1999‡‡	65½	5.6	15.20	15.61
14J	14Ju	Funding 3½pc '99-04	26	7.6	13.74	14.61
5A	5O	Treasury 8pc '02-06‡‡	52	[illegible]	15.35	15.60
10M	10S	Treasury 5½pc '08-12‡‡	37¼	[illegible]	15.25	15.37
26J	26Ja	Treasury 7¾pc '12-15‡‡	52	[illegible]	15.56	15.58
		Undated				
1F	1A	Consols 4pc	26	[illegible]	16.00	—
1J	1D	War Loan 3½pc‡‡	23xd	[illegible]	15.01	—
1A	1O	Conv. 3½pc '61 Aft.	24½	[illegible]	14.48	—
5A	5O	Treasury 3pc '66 Aft.	19	[illegible]	16.05	—
5Ja.A.Ju.O.		Consols 2½pc	16	[illegible]	15.27	—
1A	1O	Treasury 2½pc	16½	25.8	15.91	—

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

Dividends Paid	Stock	£	Last xd	Div. Gross	Cvr	Y'ld Gr's
Ma.S.J.D.	Bk. Montreal $2	12	28.10	$1.00	—	5.1
F.My.Au.N.	Bk. Nova Scot. $2	36⅛	22.9	$1.72	—	3.1
A.Jy.O.Ja.	Bell Canada 25c	41½	9.9	$3.72	—	5.8
May Nov	Bow Valley‡	16	4.11	10c	—	0.4
O.Ja.Ap.Jy.	Brascan‡	875p	27.9	s$1.00	—	7.4
F.My.Au.N.	Can. Imp. Bk. $2	21	22.9	$1.28	—	3.9
July Jan.	Can. Pacific $5	13	22.6	84c	—	4.0
July Jan.	Do 4pc Deb. £100	26½	22.6	4%	—	15.1
J.Ap.Jy.O.	Gulf Oil Can‡	20	30.7	$1.00	—	3.1
Ap.Jy.O.Ja.	Hawker Sid. Can.‡	400p	20.9	36c	—	5.8
F.My.Au.N.	Hollinger $5	28	27.10	$1.80	—	4.2
Apr. Oct.	Hudson's Bay‡	13	6.9	60c	—	2.9
Jan. July	Hud. B. Oil G. $2½	28	29.9	$1.60	—	3.6
Mr.Je.S.D.	Imperial Oil‡	17	26.8	80c	—	3.0
Mr.Je.S.D.	Inco	26	28.10	$2.40	—	3.5
F.My.Au.N.	Int. Nat. Gas $1	815p	25.10	80c	—	6.3
Mr.Je.S.D.	Massey Ferg.‡	18	8.11	$1.00	—	3.5
June Dec.	Pacific Pet. $1	23	16	80c	—	2.2
—	Place Gas $1	28p	—	—	—	—
June Dec	Rio Algom	23	4.6	$1.00	—	2.8
M.Je.S.D.	Royal Bk. Can. $2	23	18.10	$1.38	—	3.8
SeDeMrJu	Seagram Co. C$1	19	24.9	80c	—	2.7
F.My.Au.N.	Tor. Dom. Bk. $1	16	24.9	74c	—	2.9
J.Ap.Jy.O.	Trans Can. Pipe‡	10½	24.9	88c	—	0.0

S.E. List Premium 37½% (based on $1.5890 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
September	Lunuva £1	58		6¶3.25	0.9	8.6

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

MINES—Continued

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—	Botswana RST R2	47	—	—	—	—
June Dec.	Messina R0.50	170	1.6	†Q35c	1.9	14.9

MISCELLANEOUS

Dividends Paid	Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
July	Burma Mines 17½p.	9	5.75	0.1	♦	1.8
—	Charterhall 5p	19	6.9	—	—	—
Aug. Feb.	Cons. Murch. 10c	630	28.6	†Q80c	1.8	9.2
July	Northgate C$1	320	3.75	—	—	—
Jan. June	R.T.Z.	158xd	1.11	g5.96	2.1	5.8
—	Sabina Inds. C$1	72	—	—	—	—
—	Tara Expln. $1	£12¾	—	—	—	—
Nov. July	Tehidy Minerals 10p	39	4.10	†h1.08	♦	4.4
—	Yukon Cons. C$1	117	11.65	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution: bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ♦ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ‡ Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♦ Regional price.
- ǁ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

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FINANCIAL TIMES
Monday November 15 1976

Setback for Giscard in French by-elections

BY DAVID CURRY

PARIS, Nov. 14.

THE RESULTS of the seven by-elections held in Paris to-day have given a substantial boost to the Gaullist UDR on the Right and the Socialists on the Left as the leading members of their respective coalitions.

With results declared in six of the seven seats—all of which were held by members of the ruling coalition—the Gaullist candidates significantly out-performed their coalition partners, Giscardians and Centrists, and the Socialists scored dramatically at the expense of the Communists.

In particular, the results, inevitably seen as a dress rehearsal for the 1978 General Election which could bring the Left to power, will give a powerful impetus to M. Jacques Chirac, the former Prime Minister.

This is not only because of his strong personal showing but because the relative strength of the Gaullists will be seen as sustaining his thesis that the way to defeat the Left in France is to revitalise the Gaullists and polarise issues rather than make overtures to the moderate Left such as seems to be favoured by President Giscard.

However, Giscard may well interpret the Socialists' advance as substantiating his own belief that the health of French politics demands that the Socialists should turn themselves into Social Democrats and thus become eligible for power and abandon the "collectivism" insisted on by the Communists.

M. Chirac took 54 per cent. of the votes in his Correze seat giving him an absolute majority of votes cast, and making a second round next week between the two leading candidates unnecessary.

Advance

In the same seat, the Communists dropped five points (compared with 1973) to 22 per cent., while the Socialists advanced by 4 per cent. to 21.5 per cent. of the vote.

In a Paris seat which embraces the Latin Quarter, M. Jean Tiberi, the other orthodox Gaullist standing, romped one wit 55 per cent., collecting te votes given in previous elections to other Right or Centre parties.

This time, the coalition parties did not stand against each other in individual seats.

In contrast, Communists and Socialists contested each seat and their differing fortunes will certainly cause heartburn within the Left-wing alliance.

In the Beaujolais region of the Rhone the Socialists advanced by 14 per cent. collecting votes previously going to Centre candidates and forcing the Communists back by 3 per cent.

In the Gironde, the Left Radicals, carrying the Socialist colours, advanced by 11.7 per cent. to more than 35 per cent. of the vote. They will face a Government candidate in a run-off which the latter may be ard pressed to win.

In Beaujolais, the combined Socialist Communist vote was ahead of the Giscardian candidates. Here again, the run-off looks far from certain for the *Government.*

Where the Government flag was carried by Giscardians or reform candidates, the coalition has suffered a setback, though in a period of economic difficulty it will probably feel that it has held its ground reasonably well.

In the one seat which held its second round of voting to-day, the Socialists won at the expense of the Giscardians. However, the Haute-Loire is a super-marginal seat, formerly held by the Government with 600 votes, and now Socialist by 251 votes.

The elections were caused when Ministers who had left the Government at the last reshuffle sought to regain their old constituencies which the constitution obliges them to hand over to deputies when they enter the Government.

In principle, the Haute-Loire excepted, they should have been comfortable-enough seats, but the Government now faces the prospect of losing two of them in next Sunday's run-off.

African States working on Rhodesia formula

BY DAVID EGLI

GENEVA, Nov. 14.

DETERMINED EFFORTS by the observers of the front line African states attending the Rhodesian settlement talks continued late to-night to achieve an agreed interpretation of a formula setting out a date of independence.

The plans of Mr. Ivor Richard, the British chairman of the conference to go ahead with the plenary meeting to-morrow, have not been changed and it is hoped that his opening statement will not be challenged by the Rhodesian Nationalist delegations.

But this hinges on the success of the late-night diplomacy of the observers, acting as go-betweens in a struggle of nerves between Britain and the Rhodesian Patriotic Front, composed of the delegations led by Mr. Joshua Nkomo and Mr. Robert Mugabe.

There has been no direct contacts between the two sides since Friday. The lack of agreement on a formula on the independence date resulted in the last-minute postponement of the plenary session of the conference on Saturday and neither side is willing at this stage to indicate a shift in positions, which have hardened over the past week.

It would seem, however, that both the Nationalists and Britain are working on a revised understanding of what the formula implies, and this may involve some changes in the wording.

A failure to agree on the issue of the date of independence would seriously jeopardise the prospects of any further progress in the talks here and could result in an indefinite adjournment of the conference.

Much more is at stake than the number of months before independence. Britain insists on a 15-month transition period with independence set for March 1, 1978. But in response to African insistence on a firm date within 12 months, Mr. Richard has pledged to grant independence earlier if the agreed processes leading to it can be completed in time.

Behind the African position, *there is a determination to* obtain a stronger commitment on the part of Britain with respect to the independence process and the role Whitehall will play in the interim period.

Conditional

In an escalation of the war of nerves being conducted here, Mr. Joshua Nkomo issued a statement saying that having accepted that independence could be granted within 12 months, it was imperative for the U.K. Government to accept a date within the period, "in order to establish a genuine commitment to independence."

Refusal by Britain to accept this, he claimed, indicates that the U.K. seeks to commit the conference to the present Rhodesian regime's position, with independence and the date of independence conditional upon Mr. Ian Smith's approval.

"We have to insist," Mr. Nkomo said, "on a clear committal to a date of independence if we are not to hazard the whole idea of independence on the whims of Ian Smith . . ."

At this stage, the position of the white Rhodesians on the independence date is seen as irrelevant although it will be injected into the conference later if the talks continue after to-morrow's plenary session.

Britain, in the African view, appears to have stone-walled for several days in an attempt to avoid any commitment to shoulder greater responsibilities in the interim period. With firm instructions from London, Mr. Richard appears to have been engaged in an intricate semantic exercise, the objective of which has been to give away as little as possible while finding a compromise acceptable to the Africans.

The other two African delegations, led by Bishop Muzorewa and the Rev. Sithole, have privately indicated that they would agree to the British formula, but the Patriotic Front's hard line on the independence date makes it highly unlikely that the other two delegations could publicly support the British formula.

In Rhodesia, Mr. Elly Broomberg, the Minister of Information, denied Mozambique claims that many Rhodesian troops had been killed during the recent raids into the neighbouring territory to hit guerilla bases.

Mr. Broomberg also refuted Mozambique claims that some of the raiders had been trapped in Mozambique. "I am very happy to confirm that, depsite reports to the contrary, our forces all returned from the operations and none are trapped in Mozambique," he said.

"Moreover, the Frelimo claims of widespread action in which our troops were defeated is completely discounted. Our casualty figures were remarkably low and this is ample evidence of the lack of any sort of serious opposition on the part of the enemy."

OPEC meeting to study timing of next oil price rise

BY RICHARD JOHNS, MIDDLE EAST EDITOR

THE ECONOMIC Commission of the Organisation of Petroleum Exporting Countries meets to-day *to draw up guidelines for the* Ministerial conference due to be held at Doha, Qatar, on December 15, to decide 1977 oil price levels amid doubts whether it will actually be held on that date.

It is understood that some OPEC members would like to see the conference, which is likely to decide on a 10 per cent. to 15 per cent. oil price increase, postponed because the mid-December date would clash with the final ministerial session of the Conference on International Economic Co-operation in Paris.

A further complication is that some conference participants are believed to favour delaying its conclusion until the attitude of the new U.S. Administration is known.

King Khaled of Saudi Arabia said yesterday that his country would have liked an oil price freeze till the end of next year, but obligations to other OPEC members "might preclude" this. But he would "spare no effort to avoid causing consumer nations damage."

The substantive outcome of the dialogue between representative countries of the industrialised world and the developing nations, including the oil producers, is expected to have a crucial bearing on the decision over the basic level of oil prices from the beginning of next year when the 15-month price freeze ends.

Late last month Dr. Abdel-Aziz al Dukheil, Saudi Arabia's representative on the OPEC finance committee, suggested that *it might* be possible to "waive something regarding oil prices" for the Third World. Yet in the past OPEC had always concluded that a two-tier price system would be impracticable.

Saudi Arabia, Iran, Venezuela and Algeria are reliably reported to have reached an understanding that the price set should be lower if progress in the dialogue is judged as satisfactory and higher if there is no final agreement on contentious questions.

The two issues at stake in this context are the demand by the developing countries for the protection and improvement of the real value of their export earnings (including those from oil) on the one hand, and the relief of their debts, on the other.

Traditionally, the OPEC Commission meets in advance of ministerial conferences to produce studies. The Vienna meetings of experts, which may last as long as 10 days, will have two main preoccupations.

Equation

First, it will examine the oil supply-demand equation as it has evolved since the oil Ministers met in Bali in May to see what increase can be justified in terms of the market.

Secondly, the technocrats will appraise various studies on the inflation in the cost of goods imported by the oil producers over the past year to 15 months.

Last month Chief M. O. Feyide, Secretary-general of OPEC, referred to one such work indicating that import prices of members had risen by no less than 40 per cent., although he did not, apparently, specify what the time period involved was. Against this, the New York-based Petroleum Industry Research Foundation (PIRINC) recently concluded that an oil price rise of merely 2.7 per cent. would be required to maintain purchasing power.

It seems inevitable that the Economic Commission will propose that there is a basis for a price rise of more than 15 per cent. In practice, its recommendations have proved to have little direct effect on pricing decisions which have been a matter of compromise.

Mr. Frank Zarb of the U.S. Federal Energy Administration said that "If reason prevails and good judgment prevails and those responsible members of Opec are able to prevail, there is a good chance there will not be an oil increase."

He added that those who talked in terms of one of 10-20 per cent. were engaged in a "self-fulfilling prophecy" and no one should take for granted a rise of such a magnitude.

Merr Helmut Schmidt, West German Chancellor, said yesterday that, while the U.S. and West German economies could "digest" a 15 per cent. increase, it would promote inflation in most other industrialised countries as well as the developing world. The Shah of Iran said in an interview two weeks ago that 15 per cent was the minimum that could be expected.

Ford in new peace initiative at Halewood

BY ALAN PIKE, LABOUR STAFF

SHOP STEWARDS at Ford's Halewood plant, where the management says productivity is too low, will hold talks to-day with strikers whose action led to the loss of 2,000 Escorts last week.

The company hopes that the intervention of the shop stewards plus the fortnightly change-round between day and night shifts will enable normal production to resume.

There are two strikes: 50 men in the body plant complain about dismissal of a colleague for refusing to carry out an instruction and allegedly threatening a foreman; and 24 paint-shop workers are protesting over a change in manning levels. The two disputes led to 7,500 other men being laid off last week.

Ford's management is anxious not only to end the immediate strikes, but to gain the support of the Halewood workers in maintaining adequate output at the plant. This was re-emphasised in a letter to employees from Mr. Albert Caspars, operations manager, at the week-end, and will be reiterated to-day at section meetings addressed by foremen and supervisors.

The company expects 1,000 cars a day from Halewood, but recently has averaged only 800. It also says that overtime, instead of producing extra cars, is being used to rectify quality problems, and insists that this must stop. So far this month Halewood is 4,000 cars down, including the 2,000 lost in last week's strikes, on what could have been produced.

Because of this, overtime this week has been cancelled, an indication that the company is prepared to do more than issue verbal warnings to achieve its ends.

In his letter, sent individually to the homes of 12,000 employees, Mr. Caspars warned that the longer-term consequences of the factory's present performance could be "even more serious than the elimination of overtime." He referred to previous management calls for improvements in production, and regretted that these had not been heeded.

Fairy lights

Despite the highlighting of unacceptable practices, with some workers not doing their jobs properly in order to create unofficial time off, there was "no evidence" that the employees concerned were making any effort to correct the situation. "I am certain the majority of employees are perturbed by these practices and the effect that they will have on the future job prospects."

● British Leyland is investigating claims by a Midlands councillor that he saw men making fairy lights and model trains while he was walking round the Range Rover assembly lines at Solihull.

Keep policing merger, say sugar buyers

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

SOME OF Britain's largest trade buyers of sugar are understood to have told the Ministry of Agriculture that an independent committee adjudicating on *complaints from customers of* the merged Tate and Lyle and Manbré and Garton sugar companies should become a permanent feature of the company's operations. It should also have powers to review the company's policies at home and abroad.

Retailers and the food industry believe strongly that the merger, which not only gives Tate and Lyle over half the existing British sugar market but also strengthens its position in the glucose and starch markets in this country, should have been referred to the Monopolies Commission.

But their views, along with those of the Office of Fair Trading and Mrs. Shirley Williams, the then Prices Secretary, were over-riden by the employment implications of the deal and the need to rationalise Britain's cane sugar production, and in September, two months after the original bid, it was announced that the merger would not be referred.

Left open

However, in announcing its decision not to refer the bid, the Government recognised the need to try to ensure that the *companies'* customers did not suffer. It said two committees should be set up to act as watchdog over customers' interests.

One would be a permanent sub-committee of Tate's Board, which would monitor complaints, and the other, which also would look at complaints, would be an independent committee which would report periodically to the Prices Secretary and the Agriculture Minister.

Exact terms of reference of the independent committee were left open to discussion and trade associations, representing the company's customers, were asked to give their views. Since then retailers and food manufacturers have told the Ministry of Agriculture that the independent committee must have consider*able powers if it is to do its job* properly.

These would include the power to review overall policies and operations of the merged companies both in relation to the British market and to the European market. The committee also should be in a position not only to review complaints but also to decide how they should be remedied. If necessary, it should publish reports of findings in the same way as committees representing consumers' interests in some State-owned industries.

The trade is also believed to have stressed that the inde*pendent committee should not* merely be seen as a temporary watchdog, whose job would expire when the merger was complete, but a permanent body which would continue as long as a monopoly situation existed in the sugar market.

The Retail Consortium and the Food Manufacturers' Federation have seen officials from the Ministry of Agriculture but neither is prepared to comment on the proposals until the Ministry publicly has made clear what it regards as the correct approach and constitution of the committee.

Although the Government has said that the members of the committee will be drawn from outside Tate and Lyle it is not clear who exactly will be responsible for providing its secretariat.

It had been thought in the trade that the Office of Fair Trading might supervise the committee's work but, in view of the office's known indignation about the Government's decision to ignore its recommendation that the bid should be referred to the Monopolies Commission, it seems unlikely that it would willingly take on the job.

Weather

U.K. TO-DAY

FOG, clearing; cloudy.

Eastern, Central England, S.E. Scotland
Cloud: sunshine after fog.

W. England, Wales, N. Ireland, N. and W. Scotland
Cloudy; rain at first in parts of S.W. England, S. Wales, N.W. Scotland; bright intervals.

London, S.E., E., Cent. N. England, E. Anglia, E. Midlands
Fog, then sunny periods. Max. 8C (46F).

Cent. S., N.W. England, W. Midlands
Fog then sunny. Max. 10C (50F).

Channel Isles, S.W. England, S. Wales
Cloudy; rain then brighter. Max. 12C (54F).

N. Wales, Lake District, Isle of Man, S.W. Scotland, N. Ireland
Cloudy, mostly dry. Max. 10C (50F).

Borders, Edinburgh, Dundee
Fog patches, then sunny. Max. 7C (45F).

Aberdeen, Moray Firth, N.E. Scotland, Orkney, Shetland
Cloudy, mostly dry. Max. 8C (46F).

Glasgow, Cent. Highlands, Argyll, N.W. Scotland
Rain, becoming brighter. Max. 10C (50F).

Outlook: Rain in western districts; elsewhere dry.

Lighting-up: London 16.43, Manchester 16.44, Glasgow 16.43, Belfast 16.55.

BUSINESS CENTRES

	Y'day mid-day	°C	°F		Y'day mid-day	°C	°F
Alexandria.	F	24	75	Lisbon	C	13	55
Amstrdm.	S	7	45	London	C	6	43
Athens	S	21	70	Luxemb'g	C	6	43
Barcelona	S	15	59	Madrid	S	10	50
Belfast	R	9	48	Manchestr.	C	6	43
Belgrade	S	15	59	Milan	F	11	52
Berlin	R	5	41	Moscow	S	2	36
B'rmghm.	F	3	37	Munich	R	5	41
Bristol	C	5	41	Newcastle	C	2	36
Brussels	R	7	45	Oslo	S	1	34
Budapest	F	11	52	Paris	C	9	48
Cardiff	C	7	45	Prague	R	6	43
Cologne	C	9	48	Reykjavik	F	3	[illegible]
Copnhagn.	C	7	45	Rome	F	14	57
Dublin	R	10	50	Stockholm	S	4	39
Edinb'rgh	C	3	37	Strasb'rg	C	9	48
Frankfurt	C	[illegible]	45	Tel Aviv	S	24	75
Geneva	C	7	45	Vienna	R	9	48
Glasgow	C	5	41	Warsaw	C	6	43
Helsinki	F	−2	28	Zurich	R	5	41

HOLIDAY RESORTS

	Y'day mid-day	°C	°F		Y'day mid-day	°C	°F
Ajaccio	C	13	55	Jersey	F	11	52
Algiers	S	19	66	Las Plms.	S	22	72
Biarritz	F	13	55	Locarno	F	17	63
Blackpool	C	5	41	Majorca	S	16	61
Bordeaux	S	11	52	Malaga	S	17	63
Boulogne	C	9	48	Malta	F	18	64
Casablnca.	C	18	64	Mexico C.	S	19	66
Corfu	C	16	61	Naples	F	15	59
Dubrovnik	C	15	59	Nice	S	17	63
Faro	F	15	59	Nicosia	S	25	77
Florence	F	14	57	Oporto	S	12	54
Funchal	F	19	66	Rhodes	F	23	73
Gibraltar	F	16	61	Salzburg	R	7	45
Guernsey	C	10	50	Tangier	C	17	63
Innsbruck	R	6	43	Tenerife	C	15	59
Inverness	C	5	41	Tunis	R	12	54
Isle of Man	C	9	48	Valencia	S	17	63
Istanbul	F	22	72	Venice	R	12	54

F—Fair. S—Sunny. R—Rain. C—Cloudy.

THE LEX COLUMN

Where the bank are exposed

The recent spate of publicity surrounding the financial problems of Zaire, Indonesia and the Colocotronis shipping empire, following hard on the heels of the liquidation of Continental Mortgage Investors (the third largest U.S. bankruptcy after Penn Central and W. T. Grant) has focused attention once again on the potential loan loss exposure of international banks.

Apart from the impact on bank earnings, the level of international loan losses affects the ability of the banking community to raise extra capital — rumours about serious loan losses effectively barred U.S. banks from the equity markets for much of 1974 and 1975. And further down the line it imposes a constraint on the banks' *ability* to finance the economic recovery.

Despite the various horror stories which surface from time to time, banks' international loan losses so far are small compared with their domestic experience. Salomon Brothers, for example, has estimated that net international loan losses of a sample of the top U.S. banks between 1971 and 1975 averaged 0.12 per cent. of loans outstanding compared with 0.37 per cent. for the banks total loan portfolios.

Assessment

Any assessment of the vulnerability of the international banking community to possible loan losses is complicated because part of the money lent over the last few years on tankers, real estate or to less developed countries (LDCs), has been in the form of unpublicised credits. So no-one can be quite sure how much money the banks are owed.

Real estate: Over the past few years banks have lent over $10bn. to U.S. Real Estate Investment Trusts (REITs) and with the collapse in property values some of these loans are unlikely to be repaid in full. Estimates suggest that one in three of all REITs will not survive and some $0.5bn. in bank loans to the REITs has already been written off and a further $1 to $1.5bn. may have to be provided against.

For American banks the situation is exacerbated by proposed changes in U.S. accountancy rules whereby problem loans may have to be written down when they become a problem, rather than when they mature. One estimate suggests that this could reduce U.S. bank earnings in 1976 from $7.3bn. to $5.2bn.

Shipping loans: Commercial banks have lent considerable amounts to the shipping industry over the last few years and, indeed, the banks are being partly *blamed for the current* chronic overcapacity. Total world ship mortgage debt, according to Fearnley and Egers, is of the order of $25bn. of which $19bn. is out on tankers. The bulk of the bank loans are secured on ships chartered long-term to the major oil companies, where there is no doubt that the banks will be repaid. However, $4.3bn. is secured on tanker tonnage not on charter long-term, and this latter figure, which could rise to $10bn. by 1980, represents the most vulnerable portion of the banks' shipping loans. So far, no estimates have been made of the proportion of bank lending guaranteed or insured by governments.

Developing countries: Since the late 1960s the commercial banks have had to shoulder a growing proportion of the developing world's debt burden. This shot up after the sharp rise in the oil price in 1973 with current account deficits of the non-Opec LDCs rising from $7bn. in 1973 to $27bn. in 1974 to $36bn. in 1975. *Latest World Bank figures* put the outstanding debt of the developing countries at the end of 1974 at $151bn., of which a fifth was owed to
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